

UNIVERSAL
REGISTRATION
DOCUMENT
2019

Including the annual
financial report

COVIVIO

covivio.eu

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UNIVERSAL REGISTRATION DOCUMENT 2019

Including the annual financial report



This Reference Document was filed in 20 March 2020 with the Autorité des Marchés Financiers (AMF) in its capacity as competent authority under Regulation (EU) No 2017/1129, without prior approval in accordance with Article 9 of the said Regulation. The Reference Document may be used for the purposes of a securities public offering or the admission of securities to trading on a regulated market if it is supplemented by a note relating to securities and the case if applicable, a summary and all amendments to the Reference Document. The Reference Document is approved by the AMF in accordance with Regulation (EU) No. 2017/1129.

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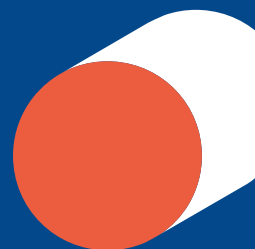
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24 billion
in assets

92% of which are
located in major
European cities

A vision of living property

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 a portfolio of €24 billion, Covivio offers support to companies, hotel brands and territories in their pursuit for attractiveness, transformation and responsible performance.

Covivio's mission is to create well-being and lasting relationships, and the Company embodies its role as a responsible real estate operator with all its stakeholders: customers, shareholders and financial partners, internal teams, local authorities, future generations, etc.

46,000 m²

of offices and
682 hotel rooms
delivered in 2019

98%

occupancy rate

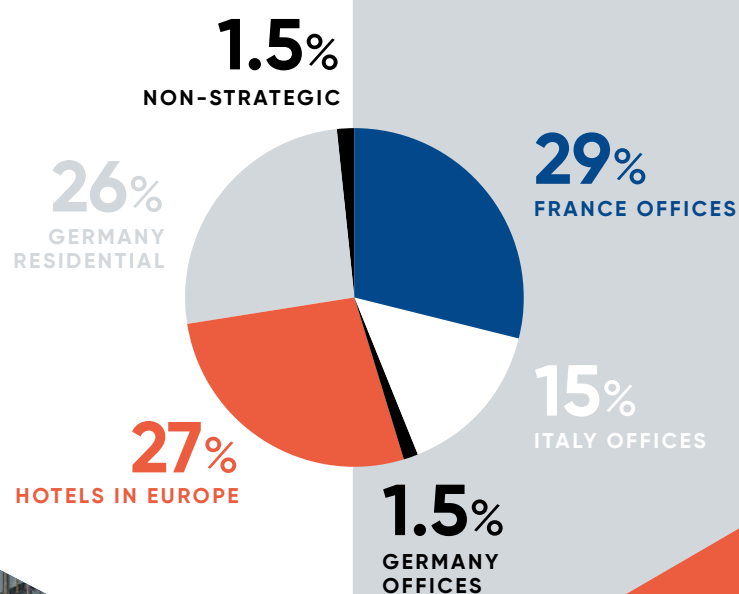
2019 DIVIDEND:

€4.80 / share

The 2019 dividend will be proposed at the General Meeting on 22 April 2020, **up 4.3% over one year**, with the option of payment of the dividend in shares.

S&P rating upgraded in April 2019, raising Covivio's rating to BBB+, stable outlook. With an LTV of 38.3% at the end of 2019 (versus 42% at the end of 2018), Covivio has reinforced its financial strength.

BREAKDOWN OF EUROPEAN
PORTFOLIO BY COUNTRY
(OUT OF 100%)



€1.5 billion
in investments
in 2019

► Metropolitan Europe
(Alexanderplatz project)

The customer, at the heart of our concerns

Understanding, listening, recognising and detecting future trends: **the development of new services** to meet occupants' expectations in terms of mobility, as well as digital and proximity services to facilitate their everyday lives, etc.

Our choices are underpinned by the needs and the usages of the future. Thanks to our all-round expertise, we design real estate offers that are the best adapted to the everyday life of users everywhere in Europe. Concierge services in offices or shared spaces in hotels, opening up work spaces and offering a new form of coworking or even coming up with hospitality concepts when designing homes. These are some examples of how we are responding to your current and future needs, in France, Milan and Berlin.



► WELLIO

THE SUCCESS OF WELLIO'S FLEXIBLE OFFICE OFFER.

Five sites have been opened in Paris (x3), Bordeaux and Marseille, and two will open in 2020 in Milan and Paris. The occupancy rate of the sites open for more than one year has already reached 99%.

IN 2019, COVIVIO BEGAN ITS DIGITAL TRANSFORMATION

with the implementation of mobile applications for its office and residential assets in order to improve the customer experience and offer more services to the users of its buildings.

COVIVIO WAS RECOGNISED FOR THE QUALITY OF ITS SERVICES TO RESIDENTIAL TENANTS IN GERMANY

Covivio is the only private company to score "Very Good" in the 2020 Focus Money Survey.

COVIVIO HAS ACCOMPANIED THE DEVELOPMENT OF ITS HOTEL PARTNERS IN EUROPE

with the delivery of the first two Meininger hotels in France in Paris and Lyon, supported B&B in Poland with the acquisition of three hotels and strengthened Accor with 32 new hotels acquired in partnership.

► Carlo IV Hotel
Prague



FOR 2020, COVIVIO IS ALSO STRENGTHENING ITS PARTNERSHIP WITH NH HOTELS,

with a portfolio of eight hotels in major European cities, in Rome, Florence, Venice, Nice, Prague and Budapest.



A European strategy

For Covivio, with operations in France, Germany, Italy, Spain, and the United Kingdom, etc., Europe is our field of expression and the best market in terms of scale to capture emerging uses. Today, 92% of our portfolio is located in major European cities and our teams are made up of 994 employees working in around 10 European countries. Through our businesses and activities in Europe we are able to benefit from responsible and supportive best practice to move forward together, design efficient real estate and enrich one another.

Our expertise extends along the entire value chain of a real-estate project: from design, through technical development, to asset and property management.

As a global operator we are able to design end-to-end real estate projects.

Today, the synergies between our businesses are becoming stronger. Offices, hotels, residences all share one goal: to express changing needs and desires through real estate. We must understand, anticipate and satisfy all of these needs so that we can enrich the experience.

994
employees
in Europe

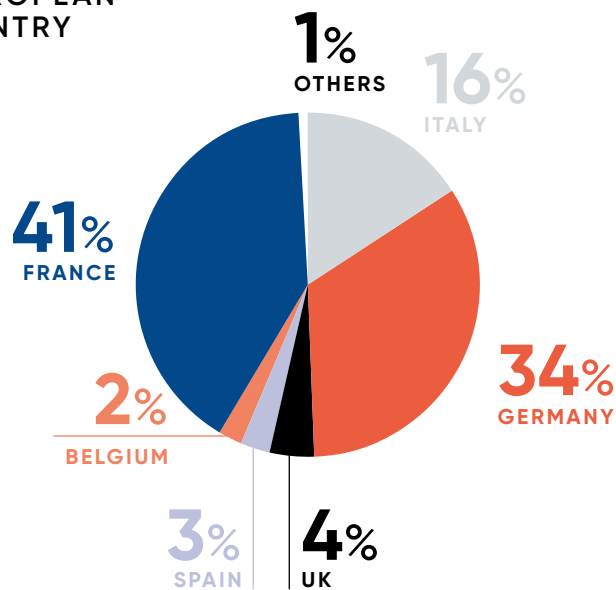
50%
women and
50%
men
employees
in Europe

91%
open-ended
employment
contracts

4%
students on
apprenticeships

44%
women on
the European
Management
Committee

BREAKDOWN OF EUROPEAN PORTFOLIO BY COUNTRY



In February 2020,

Covivio announced the launch of a friendly takeover bid for a German listed company, Godewind Immobilien, which holds €1.2 billion of office assets consisting of 10 buildings located in Frankfurt, Hamburg, Düsseldorf and Munich. Present in Germany since 2005 with an accommodation and hotel platform, Covivio is taking a new step in its development across the Rhine. At the end of this transaction, Covivio will have a critically-sized office portfolio in Germany of €2.1 billion, including €600 million in development projects, located in the country's main cities of Berlin, Frankfurt, Düsseldorf, Hamburg and Munich.

Acceleration of development commitments

In their pursuit of transformation and appeal, companies are increasingly selecting new and flexible buildings. Through our businesses and activities in Europe we are able to benefit from responsible and supportive best practice to move forward together, design efficient real estate and enrich one another.

Today, in Europe, we are pursuing our objective to certify all of our developments and the entire asset portfolio is committed to our far-reaching greening strategy.

We have the backing of all our stakeholders who are committed to ensuring a better integration of our projects in the community. Mobility, connectivity, biodiversity, openness to the neighbourhood and cultural development are all part of a Covivio real estate project for a more inclusive and sustainable digital city.

€8 billion

Development projects pipeline in Europe, of which 30% in mixed projects

► Barceló Hotel Madrid



► Paris Art&Co

► DEVELOPMENT AS A TOOL FOR TRANSFORMATION

- In France Offices, in addition to the So Pop (31,000 m² in the 17th arrondissement of Paris), Gobelins (4,360 m² in the 5th arrondissement of Paris) and Alis (20,500 m² in Levallois-Perret) projects, Covivio has launched a new extension to the Dassault Systèmes campus in Vélizy. This new 27,600 m² building is scheduled for delivery at the end of 2022 and strengthens Dassault Systèmes' presence across the entire campus until 2032.
- In Milan, Covivio won the international competition Reinventing Cities with its "Vitae" project. The mixed-use project will cover more than 10,000 m² of offices, laboratories, event spaces and catering facilities. It will form an innovative hub, at the forefront of technology and sustainable development (LEED Platinum, WELL Gold and BiodiverCity® label certifications).
- In Germany, 17 housing projects are currently being developed, mostly in Berlin, representing 819 new homes to be delivered by 2022.

► COVIVIO SUCCESSFULLY ISSUES ITS SECOND GREEN BOND

of €500 million over 12 years with a 1.125% coupon. This issue will be used to finance or refinance four office projects under development that have a high HQE, BREEAM or LEED certifications.

► COVIVIO RECEIVED THE BEST SCORE (A1+) FOR ITS CORPORATE RATING FROM VIGEO-EIRIS

and is ranked 1st in its sector.

► IN 2019, COVIVIO BECAME THE FIRST OPERATOR TO OBTAIN HQE IN-USE CERTIFICATION

for its entire German residential portfolio, i.e. nearly 40,000 housing units.

► REGARDING ENVIRONMENTAL ISSUES, COVIVIO IS RECOGNISED AS A GLOBAL BENCHMARK

for its actions against climate change:

- Reduce its carbon trajectory by **34%** between 2010 and 2030.

► AN EXEMPLARY ASSET PORTFOLIO:

84% of Covivio's total assets have an environmental label (BREEAM, HQE or LEED), well on the way to the goal of 100% by 2025.



Score of 80/100.
Green Star since 2012



A1+ rating



A- rating

"2019 has been again a rewarding year for Covivio, with a portfolio of €24 billion, ever more focused on the large European cities, greener and more adapted to the requirements of our clients. The results bear witness to the success of our business model: +6% for the NAV per share and +4% for recurring income per share and for the dividend. Our €8 billion development pipeline, our recent acquisition of prime hotels and our major investment in German offices, announced today, are all drivers in pursuing our sustainable growth".

Christophe Kullmann, Covivio Chief Executive Officer

1.3. ANNUAL RESULTS 2019: THE STRENGTH OF THE DIVERSIFIED MODEL

Success of three strategic pillars in 2019

- €24 billion portfolio (+ €1.2 billion over one year), 92% in the Major European cities.
- €8 billion in the development pipeline: €1.0 billion in new committed projects in 2019.
- Client-focused culture: success of our Wellio flexible offices offer (99% occupancy rate); launch of the digital transformation.

Annual results 2019 better than expected

- Rental income: +2.6% on a like-for-like basis.
- Portfolio value: +5.3% on a like-for-like basis.
- Achieved new LTV objective (of less than 40%), at 38.3%.
- EPRA Earnings: €452 million (+19%) and €5.31/share (+4.4% versus guidance of >3%).
- EPRA NAV: €9.3 billion (+12% over one year) and €105.8/share (+6.1%).

Covivio expresses its purpose:

Build sustainable relationships & well-being

- Reducing the impact on the environment: 84% of "green" buildings at end-2019.
- Maximising the well-being of our clients: Covivio recognised for its client-focused approach in its German residential activities.
- Strengthening our societal commitments: a Foundation and a Stakeholders Committee created.

Major German office investment

- Covivio to launch a voluntary public takeover of Godewind Immobilien; approx. 35% of Godewind Immobilien share capital already secured.
- €1.2 billion-valued portfolio, made up of 10 assets in Frankfurt, Hamburg, Düsseldorf and Munich.
- Creation of a €2.1 billion German office platform.

2020 outlook: sound foundation for sustainable growth

- Proposal of a €4.80 dividend, a 4% increase, with the option for payment in shares⁽¹⁾.

1.3.1. 2019, success of our strategic pillars

1.3.1.1. Acceleration of the development pipeline

In their pursuit of transformation and appeal, companies are increasingly selecting new and flexible buildings. Backed by a very sound track record and a portfolio with large value creation potential, Covivio has a development pipeline of €8 billion (€6.6 billion Group Share) in Europe, up by 48% over one year.

Thus, the committed pipeline has grown by 40%, to €2.3 billion (€1.8 billion Group Share), with the launch of €963 million (€734 million Group Share) and 168,000 m² in new projects. This pipeline is pre-let at 54% and should generate a yield of 5.9% for a value creation objective of more than 30%.

- In France Offices, alongside the projects So Pop (31,000 m² at the limit between Paris 17th and Saint-Ouen), Gobelins (4,360 m² redeveloped in Paris 5th) and Alis (redevelopment of 20,500 m² in Levallois-Perret), Covivio has launched a new extension to the Dassault Systèmes campus in Vélizy.

This new 27,600 m² building, developed in partnership with Crédit Agricole Assurances based on a yield of 7.2%, should be delivered at the end of 2022 and will supplement the existing campus of 69,400 m². On this occasion, Dassault Systèmes

renewed its lease on the whole campus, with a new 10-year firm lease that will begin in 2022.

- In Milan, Covivio began the redevelopment of the Via Unione asset, in direct proximity to the Duomo, for 4,200 m² and a yield of 5.2%. This new project, which will be delivered in 2021, completes a year 2019 that was active on the development pipeline in Milan, particularly on the Symbiosis area: launch of Symbiosis D, for 18,600 m² of which 6,400 m² was pre-let for 10 years firm to Boehringer Ingelheim; success of the Reinventing Cities competition with the Vitae redevelopment project (10,000 m² of offices, laboratories, event areas and restaurants). It will form an innovative hub, at the forefront of technology and sustainable development (LEED Platinum, WELL Gold and BiodiverCity® label certifications).
- In Germany, 17 housing projects have been launched, mostly in Berlin, representing 819 new units to be delivered by 2022, for a cost price of €211 million and value creation expected to be greater than 40%.

⁽¹⁾ Proposed to the General Meeting of 22 April 2020.

EPRA earnings and EPRA NAV are Alternative Performance Indicators as defined by the AMF; these are outlined in section 3. Financial information, 5. EPRA reporting and 7. Glossary of terms in this document. The financial statements were approved by the Board of Directors on 13 February 2020. The audit procedures on the consolidated financial statements have been completed. The certification report will be issued after the specific verifications.

1.3.1.2. An active pace of disposals: €1.2 billion secured in 2019

Covivio has secured sales of €1.2 billion (€1.0 billion Group Share), with an average margin of 5% on the latest appraisal value.

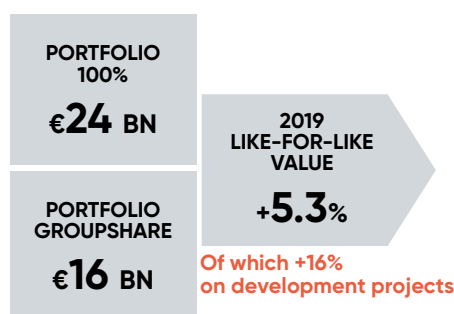
In Offices, Covivio sold assets in Charenton and Saint-Denis for €221 million, based on a yield of 4.9% (3% margin) and €273 million in Milan, with a yield of 4.7% (10% margin).

In German residential property, €48 million of unit sales were made in Berlin, with an average margin of 60% over the latest appraisal value.

45 B&B hotels, located in secondary locations in France and Germany, were sold for €233 million and 28% margin (4.7% yield).

The year was also marked by the exit of retail in Italy, with the sale, for €67 million, of four shopping centres in secondary locations and with short residual term leases (4.4 years).

Lastly, Covivio made acquisitions for €897 million (€277 million Group Share) based on a target yield of 5.3% (immediate yield of 4.4%), including €736 million (€156 million Group Share) of hotels in major European cities (mainly Paris and Dublin).



1.3.1.3. A €24 billion portfolio, focused on major European cities

The rotation of assets in favour of new buildings in central locations, and the growth in the value of assets, increased the value of the portfolio by €1.2 billion, to €24 billion (€15.7 billion Group Share). On a like-for-like scope, the values increased by 5.3%:

- the shortage of housing and the compression of rates on all of our locations in Germany drove the growth of the portfolio on a like-for-like scope to +11% over one year, including +11% in Berlin, +13% in Hamburg, +14% in Dresden and Leipzig and +9% in North Rhine Westphalia
- the value of the hotels portfolio, up by 5.5% on a like-for-like scope, benefited from strengthening in the European cities and the high margins obtained on the sales of assets
- in Offices, the values of assets followed the positive trend of rents and the compression of capitalisation rates. Asset values grew by 7% in Paris and in the major French regional cities, and by 3% in Milan.

The development pipeline was an important driver of growth on a like-for-like scope, providing ¼ of the growth in the value of the portfolio.

Like-for-like value growth	
FRANCE OFFICES	PARIS +7.2%
	FIRST RING, WEST. CRESCENT & LA DEFENSE +2.9%
	MAJOR REGIONAL CITIES +6.6%
ITALY OFFICES	MILAN +3.0%
	NON-CORE OUTSIDE MILAN -4.3%
GERMAN RESIDENTIAL	BERLIN +11.1%
	HAMBOURG +12.8%
	DRESDE & LEIPZIG +14.0%
	RNW +9.3%
HOTELS IN EUROPE	PARIS +7.0%
	BERLIN +5.7%
	MADRID +5.4%
	UNITED KINGDOM +0%

1.3.1.4. Ever closer to our customers

By targeting the best locations and developing new buildings, Covivio has focused its strategy on its customers' needs and services available to tenants. In Germany, for the second consecutive year, Covivio was the only private company among nine to obtain the best score ("Very Good") within the Focus Money Survey 2020 (link to the study). This independent survey made on 23 companies recognises the quality of services provided to tenants within our residential portfolio in Germany.

The Wellio flexible offices offer is also a success. Five sites are open for 15,200 m² in Paris (x3), Bordeaux and Marseille, and two will open in 2020, in Milan (Via Dante for 4,700 m²) and Paris 5th (for 4,300 m²). The occupancy rate of the sites open for more than a year has already reached 99%.

In 2019, Covivio began its digital transformation, to be deployed over three years and designed to improve client satisfaction,

asset performance and the evolution of the internal European expertise. Amongst the significant levers of this transformation, in 2019, Covivio made building-specific applications available for its office assets (in partnership with MonBuilding) and residential assets (in partnership with Faciloo) to improve the experience of customers and offer more services to users of its buildings.

1.3.1.5. A major step in the greening process of the portfolio

The development pipeline strategy and refocusing on strategic locations make the greening of the portfolio possible. In 2019, Covivio became the first operator to obtain HQE Exploitation certification for its entire German residential portfolio, i.e. almost 40,000 housing units.

Accordingly, 84% of the total Covivio portfolio has environmental accreditation (BREEAM, HQE or LEED), well on the way towards fully reaching its objective of 100% before 2025.

1.3.2. Our purpose: build sustainable relationships and well-being

As a responsible real estate operator, attentive to its impacts on all its stakeholders, in December 2019, Covivio set out its purpose: **build sustainable relationships and well-being** (link to the manifesto). Our purpose places the human being at the heart of the city, makes our activities a long-term commitment and constitutes the backbone of our development. It encourages us to make concrete and ambitious commitments to all our stakeholders:

1.3.2.1. To improve our impact on the environment

- From 2020, all our new development projects will have green areas (terraces, patios, roof tops, urban agriculture, etc.).
- By 2030, we aim at reducing our carbon emissions by -34% compared to 2010.

1.3.2.3. To reinforce our societal commitments

- In 2020, Covivio will set up a Foundation which will group together all our actions in favour of equal opportunity and environmental protection.
- So that our teams contribute to increasing our commitments, Covivio employees may devote one solidarity day per year to support a societal project identified by the Foundation.

1.3.2.2. To maximise the well-being of our customers and our teams

- 96% of our portfolio is already located at less than five minutes walk from public transport.
- From 2020, all our new projects will target well-being accreditation.
- Any customer request will be dealt with in less than 24 hours, satisfaction will be regularly measured and a value reflected in our teams' remuneration.
- In 2025, all our Office developments will benefit from a high level of connectivity.
- And all our multi-tenant office buildings will offer a broad range of services accessible by means of a mobile application.
- Every two years, our teams' well-being will be measured. We will inform them of the results and, together with them, we will address the points for improvement put forward.

In 2020, to monitor these commitments linked to our Purpose, to challenge and renew them, Covivio will set up a **Stakeholders' Committee**, which will bring together customers, suppliers and partners, representatives of the team, shareholders, local authorities, town planners and sociologists. Each year, this Committee will publish the conclusions of its work on the monitoring of our objectives linked to the Purpose, and its proposals for new commitments.

1.3.3. 2019 results better than expected

1.3.3.1. Good rental momentum

Positioned on expanding rental markets and benefiting from the results of its strategic choices in recent years, Covivio's revenues grew by 2.6% on a like-for-like basis, in line with the objective announced at the start of 2019 (+2.5%).

Group share	Revenues 100%	Revenues (GS)	% change (GS)	Like-for-like Variation	Occupancy	WALB
France Offices	257	226	-6.6%	2.6%	97.1%	4.6
Italy Offices	190	147	73.8%	1.3%	98.7%	7.2
German Offices	11	8	21.2%	n.a.	98.6%	n.a.
German Residential	241	154	4.6%	4.3%	97.0%	n.a.
Hotels in Europe	303	121	11.4%	1.2%	100.0%	13.7
Total strategic activities	1,002	657	11.4%	2.7%	98.3%	7.1
Non-strategic	29	22	-16.8%	-1.2%	96.8%	5.2
TOTAL	1,031	679	10.2%	2.6%	98.3%	7.1

In Offices, rental income on a like-for-like basis grew 2.6% in France and 1.3% in Italy (including 1.8% in Milan). The year 2019 was particularly active with 83,000 m² pre-let on development projects, with an average firm period of 11 years. More than 290,000 m² in leases were also renewed or renegotiated, with a gain of +4% compared to the current rent. These successes are reflected by an occupancy rate of almost 98% of the entire office portfolio.

Hotels (+1.2% on a like-for-like basis): the Ebitda for hotels under management contracts, up 2.3% on a like-for-like scope, benefited from a positive tourism environment in Europe (increase of 4% in tourists arriving in Europe in 2019). The hotels leased to Accor were affected by the capex programmes financed by Accor and completed in 2019 and 2020 on 40% of the portfolio, leading to a decline of 0.6% in variable rental income. These capex increase the value of the hotels and enable greater long-term growth. As an example, the capex spent on five hotels (1,500 rooms) in 2018 enabled revenues to be 8% above 2017 level (before the start of the work).

The strong momentum of the rental income in **German Residential** is reflected by growth of +4.3% on a like-for-like scope, of which +4.6% in Berlin and +4.0% in the other regions (North Rhine-Westphalia, Hamburg, Dresden and Leipzig).

1.3.3.1.1. Change in the regulations on housing rents in Berlin.

On 30 January 2020, the City of Berlin passed a law providing for a 5-year freeze on rents for existing residential units, a rent cap for re-lettings and a reduction in rents 20% higher than the rent ceiling. These regulations do not concern housing units delivered after 1 January 2014.

Upon approval, which is anticipated at the end of February, this law, some of whose provisions stem from a federal and not a local decision and which undermines the right of ownership, should be challenged before the constitutional court. The procedure to cancel the law may take 24 months.

Furthermore, these additional regulations risk worsening the housing shortage in the city due to the high growth in Berlin's population (+229,000 households between 2008 and 2018, with only 92,000 new housing units created⁽¹⁾).

Despite uncertainty on changes to rental income in the short term, Covivio can rely on a strong position to retain prospects of high profitability:

- a high-quality portfolio: the residential portfolio in Berlin includes 15,800 housing units, located in small buildings (an average of 11 housing units) and in central districts of the city. Valuation on a block basis stands at €2,800/m² at end 2019, well below unit value (+60% margin on sales made in 2019)

- a development pipeline creating high value: Covivio invests in Berlin through a development pipeline of €850 million (€548 million Group Share) and 3,400 housing units. The expected value creation of these projects (of which a large portion will be sold) is expected to be more than 40%
- limited impacts: the housing units in Berlin account for 9% of the Group's revenues. The maximum impact of the regulation, if not challenged, is estimated at less than 1% of the Covivio rental income.

1.3.3.2. New LTV objective of less than 40% already achieved and S&P rating improved

The option for the payment of the dividend in shares, proposed to shareholders in respect of the 2018 dividend (of €4.60), was a success, chosen for 82.7% of the share capital. This transaction represented a capital increase of €315.9 million and once again demonstrates shareholders' confidence in Covivio's strategy. Alongside the disposals plan, this transaction has enabled the company to achieve the new LTV target of below 40%, set early 2019, with an LTV of 38.3% at end 2019 (*versus* 42% at end 2018), while maintaining investment capacities. Underlining this strengthening of Covivio's financial solidity and the quality of its portfolio, in April 2019, S&P raised Covivio's rating to BBB+, stable outlook.

At end 2019, Covivio benefited from a long-term debt (6.1 years with average maturity) and secured (84% fixed or hedged, for an average of 7.7 years), at a reduced cost of 1.55%.

1.3.3.3. 19% growth of EPRA Earnings and 4.4% growth per share, exceeding the guidance

Driven by the merger with Beni Stabili at the end of 2018 and investment made in 2018, operating income grew by 14% over the year. With stable financial expenses, EPRA Earnings gained 19% over one year, to €452.2 million Group Share. EPRA Earnings per share thus increased 4.4% to €5.31, exceeding the year's guidance of over +3%. Net income amounted to €747 million Group Share.

1.3.3.4. EPRA NAV was up 12%, to €9.3 billion and €105.8 per share (+6.1% in one year)

Thanks to the growth in asset values and the capital increase resulting from the scrip dividend, the EPRA NAV grew by 12% and €1 billion, to €9.3 billion (€8.4 billion in Triple Net EPRA). The EPRA NAV per share stood at €105.8, a 6.1% rise over one year (€95.7 in Triple Net EPRA, a 4.4% increase).

(1) Source: Scope.

1.3.4. Major German office investment

Covivio has secured approx. 35%⁽¹⁾ of Godewind Immobilien AG ("Godewind"), a listed German office company. It secured it today from shareholders under SPAs as well as thanks to commitment by the Management to tender treasury shares, in each case at a price of €6.40 per share.

Post-closing of the SPAs, a voluntary takeover offer will be launched for Godewind Immobilien. Covivio currently intends that the offer will qualify as a delisting offer and has entered into according contractual arrangements with the company. As part of the transaction, Covivio and Godewind have also agreed on a business combination agreement ("BCA") governing future strategy, offer process and governance of Godewind. The Godewind Management and Supervisory Board welcome and support the offer.

Regulatory clearance is expected to be obtained prior to the commencement of the tender offer which will commence with the acceptance period by end-March. The end of the public offer and the delisting led by the Management are currently expected to occur by end-May 2020.

With closing of the offer for this €1.2 billion portfolio Covivio will enjoy a critical size on the German office market, with a total German office portfolio reaching €2.1 billion⁽²⁾.

This contemplated acquisition would allow Covivio to acquire a 10-office-building Core portfolio (290,000 m²) and one development project, located in Frankfurt (40% of the portfolio), Düsseldorf (28%), Hamburg (24%) and Munich (8%).

The expected investment yield is 4.7% following current vacancy reduction (~8%; 4.3% immediate yield) and potentially >5.0% given the value creation levers (reversionary potential above 10% and a potential 15,500 m² development in Munich).

With its German residential and hotel platform established since 2005 and its current 570-people workforce, Covivio is taking a natural step in its development in Germany. While already owning €280 million of offices and €600 million of development projects in Berlin, Covivio is accelerating its German office investments, therefore creating a sizeable €2.1 billion platform (at development delivery), centered in the main German cities: Berlin (38%), Frankfurt (23%), Düsseldorf (16%), Hamburg (14%) and Munich (7%).

The German office market boasts some of strongest fundamentals in Europe. Since 2014, the Big 7 cities take-up has soared by 6% annually while the immediate offer has decreased by -16% annually leading to an offer shortage. The very limited vacancy - 2% in Berlin and Munich, 3% in Hamburg and below 6% in Frankfurt & Düsseldorf - combined with a limited available surface under construction - representing on average one year of take-up - are fuelling rent increases (+4% expected in 2020)⁽³⁾.

1.3.5. Evolution of the Board of Covivio

Following the departure of Delphine Benchetrit, the Board members thank her for her constant commitment. The Board has decided today to co-opt Alix d'Ocagne, who led the growth of the Notary's office Cheuvreux for 25 years, first as employee,

then partner, managing partner and finally as Chairwoman until 2019. She will bring to the Board all her expertise in Real Estate transactions as well as in entrepreneurship.

1.3.6. Outlook for 2020: strong bases for sustainable development

For 2020 and the following years, Covivio have strong growth drivers:

- The position of a leading real estate operator in Europe offers Covivio the opportunity to identify attractive acquisition opportunities. Together with the investment in German offices, in January 2020 Covivio signed the purchase of a prime portfolio of 8 hotels, mainly 5*, for €573 million (€248 million Group Share - link to the press release) with a target return of 5.8% (4.7% minimum guarantee). The acquisition will be finalised during the 2nd quarter.
- The acceleration of the development pipeline will bear fruit in 2020 with a record of 148,000 m², mainly of offices to be delivered this year. The 6.3% yield is already partly secured by a pre-let ratio of 75% and expected value creation exceeding +30%.

Afterwards, managed projects totalling €5.8 billion, 80% of which are in Paris, Berlin and Milan, will make it possible to renew the committed pipeline. By 2022, €2.0 billion in new projects will be committed, in particular in Paris CBD (Carnot, Anjou and Laborde buildings, in Paris 17th and 8th), in Milan (Symbiosis area, Corso Italia) and Berlin (60,000 m² tower on Alexanderplatz). Covivio has set itself the objective of delivering €600 million in projects per year.

1.3.6.1. A dividend of €4.80 representing a 4.3% increase; option to have dividends paid in shares

Buoyed by the 2019 results, and as part of a long-term dividend growth strategy, Covivio will propose to the General Meeting of 22 April 2020 the distribution of a dividend of €4.80, a rise of 4.3% over one year (payout ratio of 90%). The option of dividends being paid in shares will also be proposed⁽⁴⁾. Along with the disposals, it will contribute to the financing of the acquisitions announced and the pipeline of developments. All the institutional shareholders on the Covivio Board of Directors (representing 49% of the capital) have already committed to opting for the dividend payment in shares, i.e. a minimum share capital increase of €200 million.

1.3.6.2. Guidance of 2020 EPRA Earnings

In mid-February, Covivio communicated a guidance of 2020 EPRA Earnings above €5.40, taking into account the full effect of the drop in LTV in 2019, even though the full impact of the deliveries will be felt in 2021. On March 18, 2020, the Group published a press release indicating the main implications of the Coronavirus epidemic on its activities ([https:// www. covivio. eu/en/press/impact-of-the-epidemic-on-covivio-activities/](https://www.covivio.eu/en/press/impact-of-the-epidemic-on-covivio-activities/)). Given the environment and the uncertainty weighing on our hotel revenues, Covivio will communicate adjusted EPRA Earnings guidance in its half-year results.

⁽¹⁾ Including 3% from CEO's to-be-exercised - stock options which will be tendered during the offer.

⁽²⁾ €1.5 billion of existing assets and €600 million of developments (valued at cost).

⁽³⁾ Sources: Colliers et JLL.

⁽⁴⁾ Price set at 90% of the 20 trading day average before the 22 April General Meeting, reduced by the dividend.

1.4 BUSINESS ANALYSIS

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

Changes in scope

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

- the merger between Covivio and its Italian subsidiary Beni Stabili took effect on the 31st December 2018 (vs 52.4% ownership in the first quarter 2018 and 59% for the rest of the year 2018)
- Covivio's stake in its hotel subsidiary, Covivio Hotels, increased following the asset contribution from Covivio to Covivio Hotels, from 42.3% at year-end-2018 to 43.2% at year-end-2019.

1.4.1. Revenues: +2.6% LfL growth

(€M)	100%			Group Share				
	2018	2019	Change (%)	2018	2019	Change (%)	Change (%) LfL ⁽¹⁾	% of revenue
France Offices	271.1	257.3	-5.1%	242.4	226.4	-6.6%	+2.6%	33%
Paris	90.3	86.1	-4.7%	85.3	80.6	-5.4%	+4.7%	12%
Greater Paris (excl. Paris)	133.0	128.3	-3.5%	109.6	104.4	-4.7%	+0.4%	15%
Major regional cities	299	276	-7.9%	297	261	-12.1%	+5.9%	4%
Other French Regions	179	15.3	-14.6%	179	15.3	-14.6%	+2.4%	2%
Italy Offices	190.0	190.3	+0.2%	84.6	147.0	+73.8%	+1.3%	22%
Offices – excl. Telecom Italia	95.7	102.0	+6.7%	55.6	102.0	+83.7%	+1.6%	15%
Offices – Telecom Italia	94.3	88.2	-6.4%	29.0	45.0	+55.0%	+0.8%	7%
German Offices	9.8	11.3	+14.8%	6.3	7.6	+21.2%	N/A	1%
Berlin	7.7	9.4	+22.0%	5.1	6.4	+26.3%	N/A	1%
Other cities	2.2	1.9	-10.5%	1.2	1.2	+0.4%	N/A	0%
German Residential	231.3	240.5	+4.0%	147.6	154.3	+4.6%	+4.3%	23%
Berlin	109.0	117.7	+8.0%	69.8	76.1	+9.1%	+4.6%	11%
Dresden & Leipzig	23.0	24.3	+5.7%	14.7	15.5	+5.8%	+3.8%	2%
Hamburg	15.6	15.9	+1.8%	10.4	10.4	-0.1%	+2.5%	2%
North Rhine-Westphalia	83.8	82.6	-1.4%	52.8	52.3	-0.9%	+4.5%	8%
Hotels in Europe	282.9	302.8	+7.0%	108.8	121.2	+11.4%	+1.2%	18%
Hotels – Lease Properties	208.4	233.0	+11.8%	77.4	92.0	+18.9%	+0.7%	14%
France	100.9	93.3	-7.5%	32.2	32.0	-0.6%	+0.9%	5%
Germany	27.9	34.1	+22.4%	11.5	14.4	+25.7%	+1.3%	2%
UK	-	42.8	N/A	-	18.5	N/A	N/A	3%
Spain	34.3	34.5	+0.8%	14.5	14.9	+3.0%	+0.2%	2%
Belgium	20.9	15.3	-26.9%	8.8	6.6	-25.3%	+6.1%	1%
Others	24.5	12.9	-47.3%	10.4	5.6	-46.2%	+1.7%	1%
Hotels – Operating Properties (EBITDA)	74.5	69.8	-6.2%	31.4	29.1	-7.1%	+2.3%	4%
TOTAL STRATEGIC ACTIVITIES	985.1	1,002.1	+1.7%	589.7	656.7	+11.4%	+2.7%	97%
Non-strategic	45.2	29.0	-35.7%	26.4	21.9	-16.8%	-1.2%	3%
Retail Italy	15.8	11.5	-26.9%	9.4	11.5	+23.0%	-0.5%	2%
Retail France	21.4	12.5	-41.7%	9.1	5.4	-40.4%	-1.9%	1%
Other (France Residential)	7.9	5.0	-36.9%	7.9	5.0	-36.9%	N/A	1%
Total revenues	1,030.3	1,031.2	+0.1%	616.0	678.6	+10.2%	+2.6%	100%

(1) LfL: Like-for-Like.

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

- acceleration of like-for-like revenue growth of 2.7% from strategic activities (+€14.0 million) with:
 - +2.6% in France Offices, thanks to indexation (+1.3 pts) and good letting performance (+1.3 pts), particularly on leases signed or renewed in 2018
 - +1.3% in Italy Offices driven by Offices in Milan (+1.8%)
 - +4.3% in German Residential, driven by Berlin (+4.6%) and North Rhine-Westphalia (+4.5%)
- +1.2% in Hotels, driven by good EBITDA growth on management contracts (+2.3%) especially the operating portfolio in Germany (+2.9%)
- acquisitions (+€27.9 million) especially in Hotels (+€16.9 million), with a portfolio of 12 hotels in the United Kingdom acquired last year, and in German Residential (+€7.7 million), with the acquisition of around 3,000 units in 2018
- deliveries of new assets (+€13.4 million), mainly in France with four projects in 2018 and 2019 and in Milan with the first building of the Symbiosis project and via Principe Amedeo
- asset disposals: (-€47.1 million), especially:

- in France Offices (–€11.7 million), half mostly comes from non-core assets disposals in the 2nd ring and Regions in 2018, and half from core mature assets in Paris sold in 2019
- in Italy (–€8.8 million), mostly through the disposal of Telecom Italia assets in second half 2018
- in German Residential (–€5.0 million) with the sale of close to 2,100 apartments in two years, including almost 50% of non-core assets in North Rhine-Westphalia
- in Hotels (–€8.4 million) with the disposal of non-core assets (mostly B&B assets and Sunparks resorts)
- non-strategic assets (–€13.1 million) mainly Retail in Italy and France (the Excelsior gallery asset in Milan and Jardiland stores), and the remainder of our residential portfolio in France
- vacating for redevelopment (–€13.3 million) in France Offices in Paris St-Ouen, Paris-Jean Goujon in the CBD and Gobelins in the Paris 5th in the second half of 2019
- change in scope effects (+€67.8 million) mainly due to the increase in Covivio's stake in Beni Stabili to 100% at year-end-2018.

1.4.2. Lease Expiries and occupancy Rates

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

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

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

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

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

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

The €57.1 million to expire in 2020 include:

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

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

1.4.2.2. Occupancy rate: 98.3%

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

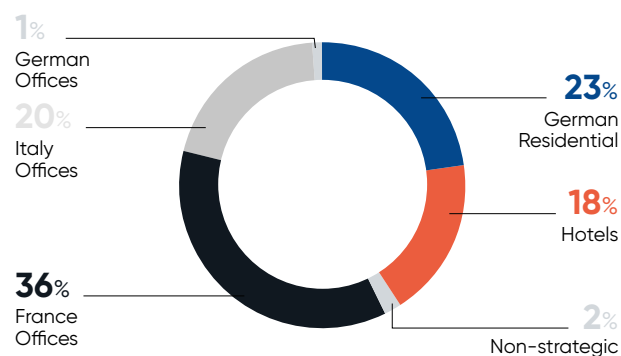
The occupancy rate increased to a record high of 98.3% for strategic activities. Covivio maintains a high occupancy level in the long-term with close to 97% on average over 10 years.

1.4.3. Breakdown of revenues – Group Share

■ By major tenants

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

By activity



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

1.4.4. Cost to revenue ratio by business

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

(1) Ratio restated of IFRIC 21 impact, smoothed over the year.

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

1.4.5. Disposals: €1.2 billion of new disposals in 2019 (€1.0 million Group Share)

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

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

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

- **mature assets:** €695 million Group Share (€713 million at 100%):
 - Office buildings in Paris: €326 million Group Share including Green Corner in Saint-Denis (€167 million)
 - Office buildings in Milan: €291 million Group share
 - Residential assets in Germany: €59 million of which €48 million of privatizations with a 60% margin
 - Hotel in Dresden: €20 million
- **non-core assets:** €186 million Group Share (€354 million at 100%):
 - Italy offices outside Milan for €86 million
 - France Offices in the 2nd ring and French regions for €23 million
 - Hotels: €77 million, mainly B&B hotels in France and Germany sold with an average margin of 28%
- **non-strategic assets** represent €70 million of new commitments. The majority of which are retail assets in secondary locations in Italy. Non-strategic disposals secured at year-end-2018 were mainly composed of the French Residential portfolio sold this year (€207 million).

1.4.6. investments: €1.5 billion realised in 2019 (€0.8 billion Group Share)

	Acquisitions 2019 realised			Development capex 2019	
	Acquisitions 100%	Acquisitions Group Share	Yield Group Share ⁽¹⁾	Capex 100%	Capex Group Share
(€M Including Duties)					
France Offices	-	1	N/A	330	242
Italy Offices	13	13	6.9%	78	78
Germany Offices	30	28	4.5%	93	93
Germany Residential	118	78	4.5%	83	57
Hotels in Europe	736	156	5.8%	29	13
TOTAL	897	277	5.3%	614	483

(1) Target yield on acquisitions. Immediate yield of 4.4% overall.

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

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

1.4.7. Development projects: €8.0 billion (€6.6 billion Group Share)

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

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

- **Îlot Armagnac in Bordeaux** (10,900 m²), 97% let
- **Lezennes Hélios in Lille** (9,000 m²), 100% let
- **Cité Numérique in Bordeaux** (19,200 m² of offices), 71% let
- **Amedeo in Milan** (6,500 m²), 100% let

- **three Meininger hotels**: in Munich (173 rooms); in Paris (249 rooms) and in Lyon (176 rooms) all 100% let
- **a B&B hotel in Paris region, Cergy** (84 rooms), 100% let
- **three residential projects in Berlin and Essen** (1,130 million), 100% let.

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

1.4.7.2. Committed projects: €2.3 billion (€1.8 billion in Group Share)

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

- **Paris So Pop – 31,000 m²**: demolition and reconstruction of the former headquarters of Citroën in Paris 17th with a 70% extension of the surface area. The asset was acquired in 2012 at an 8.1% yield and a redevelopment was launched upon departure of the tenant in 2018. The project is located in a fast-growing business district north of Paris 17th (location of the new Paris Courthouse, new metro line 14).
This development is 49.9% shared with Crédit Agricole Assurances and will be delivered in 2021
- **Levallois Alis – 20,500 m²**: full redevelopment project of offices into a prime asset in the well-established business district of Levallois, right next to the metro line 3. In 2015, Covivio acquired the third building of this asset in view of redevelopment upon departure of the tenant, Lagardère, which vacated the building year-end-2018. Delivery is scheduled for 2022
- **DS Campus extension 2 – 27,600 m²**: the second extension project of the Dassault Systems campus in Vélizy to be delivered in 2022. Covivio delivered the initial campus of 56,600 m² in 2008 and the first extension to the campus of 12,800 m² in 2016. This asset is 50% shared with Crédit Agricole Assurances. The leases for the entire campus were extended to 2032
- **Bordeaux, Jardins de l'Ars – 19,200 m²**: prime office asset development in Bordeaux on a land bank acquired in 2019. The project is located near the high-speed train station in Bordeaux. Delivery is scheduled for 2022

- **Symbiosis D in Milan – 18,600 m²**: third building of the Symbiosis project in a growing business district in the South of Milan. Building D is already 35% pre-let to Boehringer Ingelheim for their Italian headquarter. Delivery is scheduled for 2021
- **Reinventing Cities – 10,000 m²**: in the first half of 2019, with the Project "VITAE", Covivio won the Reinventing Cities competition, a prestigious international tender for urban and environmental regeneration. The asset is already 18% pre-let to IFOM and Cirfood. Delivery is scheduled for 2022
- **Duca d'Aosta in Milan – 2,500 m²**: full redevelopment of an office building into a hotel in the centre of Milan. 100% pre-let to Invest Hospitality in March 2019. Delivery is scheduled for 2020
- **Unione – 4,200 m²**: office redevelopment project in Milan CBD, representing an investment of €43 million at a 5.2% yield. Delivery is scheduled for 2021
- **Residential projects in Berlin – 819 units**: Covivio is ramping-up its development pipeline in Berlin, with €211 million of projects committed (x2 since end-2018). 58,300 m² of new construction & extensions are under way with a 4.7% yield on units to be let and more than 50% target margin on units to be sold.

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

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

Synthesis of Committed projects	Surface ⁽¹⁾ (m ²)	Pre-leased (%)	Total Budget ⁽²⁾ (€M, 100%)	Total Budget ⁽²⁾ (€M, Group Share)	Target Yield ⁽³⁾	Capex to be invested (€M, Group Share)
France Offices	256,940	48%	1,633	1,258	5.9%	540
Italy Offices	87,830	62%	400	400	6.4%	125
German Residential	58,300	N/A	211	135	4.7%	80
Hotels in Europe	108 rooms	100%	8	2	6.0%	0.2
TOTAL	403,070 M² & 108 ROOMS	54%	2,251	1,794	5.9%	746

(1) Surface at 100%.

(2) Including land and financial costs.

(3) Yield on total rents including car parks, restaurants, etc.

Committed projects	Location	Project	Surface ⁽¹⁾ (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 to be invested (€M, Group Share)
Meudon Ducasse	Meudon – Greater Paris	Construction	5,100	2020	260	100%	22	22	6.4%	8
Belaia (50% share)	Orly – Greater Paris	Construction	22,600	2020	198	48%	65	33	>7%	13
IRO	Châtillon – Greater Paris	Construction	25,070	2020	325	20%	139	139	6.3%	46
Flow	Montrouge – Greater Paris	Construction	23,500	2020	327	100%	115	115	6.6%	48
Gobelins	Paris 5 th	Regeneration	4,360	2020	510	100%	50	50	4.3%	16
Total deliveries 2020			80,630			63%	391	359	6.2%	130
Silex II (50% share)	Lyon	Regeneration – extension	30,900	2021	312	53%	164	85	5.8%	34
Montpellier Bâtiment de services	Montpellier	Construction	6,300	2021	224	8%	21	21	6.7%	14
Montpellier Orange	Montpellier	Construction	16,500	2021	165	100%	49	49	6.7%	37
Jean Goujon	Paris 8 th	Regeneration	8,460	2021	820	100%	189	189	N/A	41
Paris So Pop (50% Share)	Paris 17 th	Regeneration – extension	31,000	2021	>400	0%	214	112	6.1%	57
Total deliveries 2021			93,160			55%	636	456	6.2%	182
N2 (50% share)	Paris 17 th	Construction	15,900	2022	575	34%	156	85	4.2%	45
Bordeaux Jardins de l'Ars	Bordeaux	Construction	19,200	2022	220	0%	72	72	6.1%	62
DS Extension 202 (50% share)	Vélizy – Greater Paris	Construction	27,550	2022	325	100%	162	71	7.2%	61
Levallois Alis	Levallois – Greater Paris	Regeneration	20,500	2022	>500	0%	215	215	5.0%	61
Total deliveries 2022			83,150			26%	606	443	5.4%	228
TOTAL FRANCE OFFICES			256,940			48%	1,633	1,258	5.9%	540
Ferrucci	Turin	Regeneration	13,730	2020	130	23%	33	33	5.4%	2
The Sign	Milan	Construction	26,200	2020	285	98%	106	106	7.3%	20
Symbiosis School	Milan	Construction	7,900	2020	225	99%	22	22	7.5%	11
Dante 7	Milan	Regeneration	4,700	2020	560	100%	57	57	4.5%	5
Duca d'Aosta	Milan	Regeneration	2,500	2020	N/A	100%	12	12	9.0%	2
Total deliveries 2020			55,030			90%	230	230	6.4%	40
Symbiosis D	Milan	Construction	18,600	2021	315	35%	85	85	7.0%	44
Unione	Milan	Regeneration	4,200	2021	480	0%	43	43	5.2%	7
Reinventing Cities	Milan	Regeneration	10,000	2022	315	18%	42	42	6.5%	34
Total 2021 deliveries and beyond			32,800			23%	170	170	6.4%	86
TOTAL ITALY OFFICES			87,830			62%	400	400	6.4%	125
German residential – deliveries 2020	Berlin	Construction	12,400	2020	N/A	N/A	43	27	4.9%	7
German residential – deliveries 2021 and beyond	Berlin	Construction	45,900	2021 & beyond	N/A	N/A	168	108	4.7%	74
TOTAL GERMAN RESIDENTIAL			58,300			N/A	211	135	4.7%	80
B&B Bagnolet (50% shares)	Greater Paris	Construction	108 rooms	2020	N/A	100%	8	2	6.0%	0.2
TOTAL HOTELS IN EUROPE			108 ROOMS			100%	8	2	6.0%	0.2
TOTAL			403,070 M² & 108 ROOMS			54%	2,251	1,794	5.9%	746

(1) Surface at 100%.

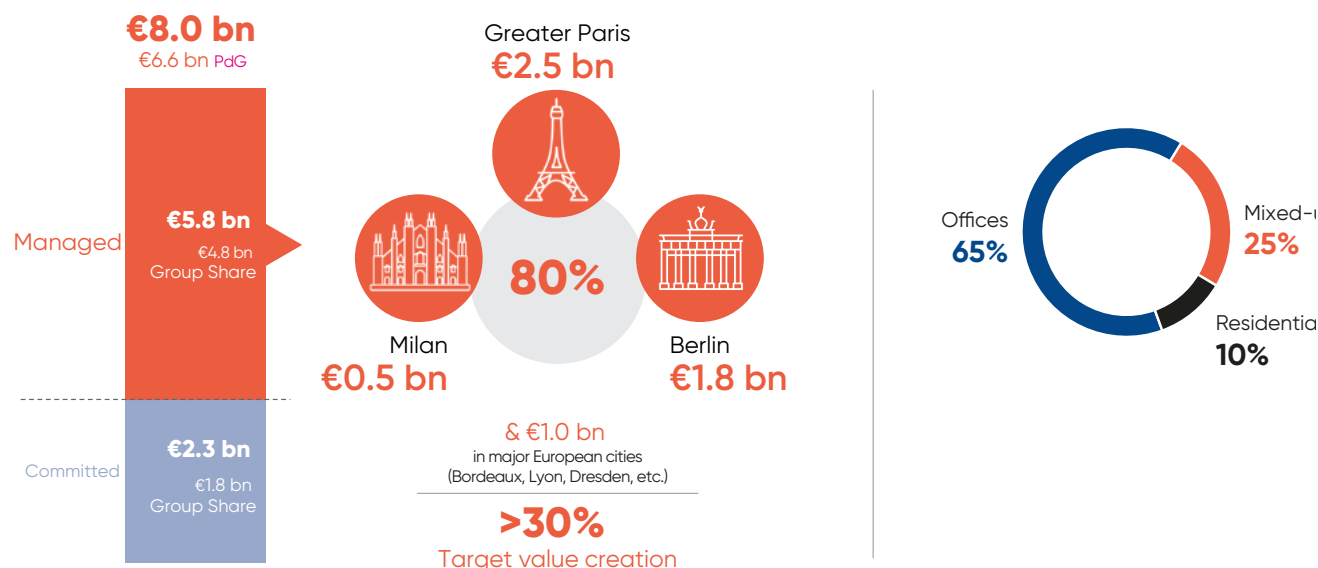
(2) Including land and financial costs.

(3) Yield on total rents including car parks, restaurants, etc.

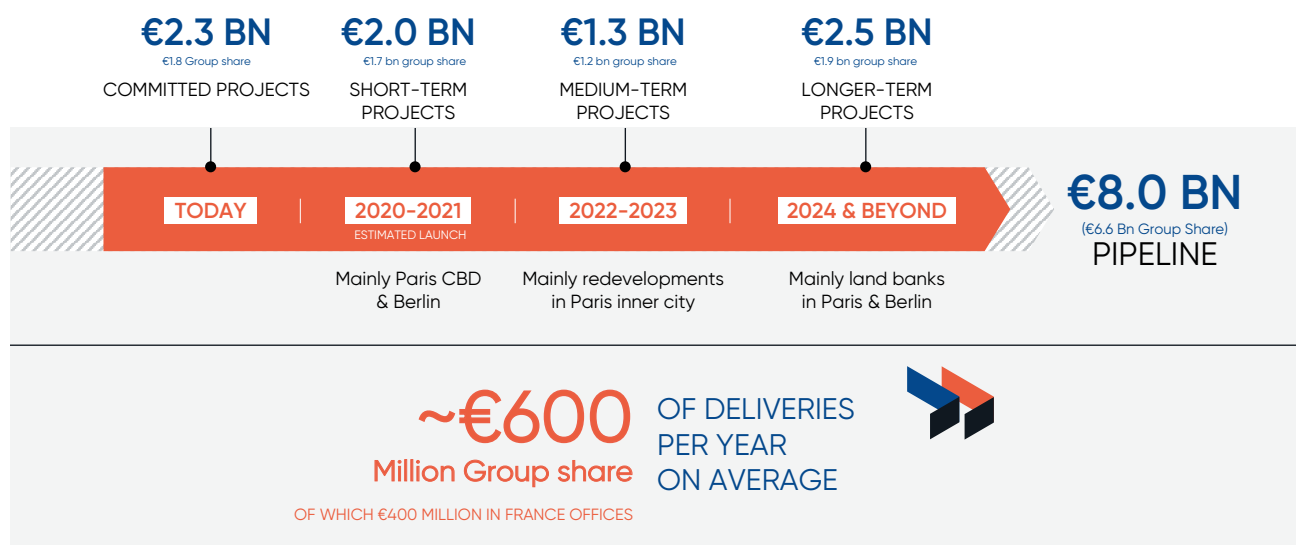
1.4.7.3. Managed projects: €5.8 billion (€4.8 billion in Group Share)

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

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



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



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

(1) Surfaces at 100%.

1.4.8. Portfolio

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

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

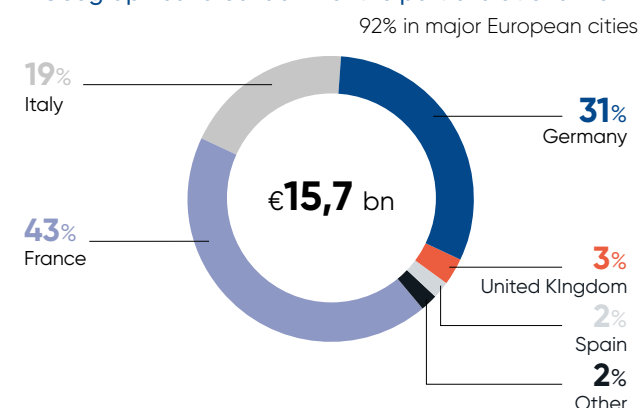
(1) LfL: Like-for-Like.

(2) Yield excluding development projects.

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

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

Geographical breakdown of the portfolio at end-2019



1.4.9. List of main Assets

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

Top 10 Assets	Location	Tenants	Surface (m ²)	Covivio share
CB 21 Tower	La Défense (Greater Paris)	Suez, AIG Europe, Nokia, Groupon	68,400	75%
Garibaldi Towers	Milan	Maire Tecnimont, LinkedIn, etc.	44,700	100%
Carré Suffren	Paris 15 th	AON, Institut Français, Ministère Éducation	25,200	60%
Dassault Campus	Vélizy-Villacoublay (Greater Paris)	Dassault Systèmes	97,000	50%
Art&Co	Paris 12 th	Wellio, Adova, Bentley, AFD	13,500	100%
Anjou	Paris 8 th	Orange	10,100	100%
Alis	Levallois-Perret (1 st ring)	In development	20,100	100%
Jean Goujon	Paris 8 th	Covivio	8,500	100%
Carnot	Paris 17 th	Orange	11,200	100%
Percier	Paris 8 th	Chloé	7,900	100%

1.5. BUSINESS ANALYSIS BY SEGMENT

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

1.5.1. France Offices

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

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

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

- **Take-up stood** at 2.3 million m² down -10% vs 2018 and slightly above the ten-year average
 - 723,000 m² on new space (31% of the total) with 70% for the deals on surfaces > 5,000 m²
 - volume decreased in all areas due to lack of supply, except the first ring, where the take-up on new space increased by 18%, driven by the attractiveness of growing business districts in the North.
- Record low **immediate supply** of 2.7 million m² (-8% vs year-end-2018) and vacancy rate (4.9%, -0.4 pt vs end-2018)
 - vacancy rate dropping in all areas, especially in the first ring (6.1%, -1.4 pts vs end-2018)
 - only 21% of the supply consists in new space
 - marked scarcity in the area around Covivio projects: only 37,200 m² in Paris 17th North-Clichy-St Ouen, 15,500 m² in Montrouge-Malakoff-Chatillon and 9,400 m² in Levallois
- **Future offer of new space** until 2022 represents only **0.8 year of take-up⁽¹⁾**:
 - constructions increased to 2.3 million m², with increasing pre-let ratio from 39% to 42%.
 - strong increase in La Défense (+28%) with 400,000 m² under construction
 - excluding La Défense, the future offer until 2022 represents between 0.4 year of take-up (in Paris) to 1.2 years (1st ring)
- **Average rents on new or restructured spaces** rose by 5% on average year-on-year in Greater Paris:
 - most areas benefitted: +4% in Paris, +3% in the 1st ring, +5% in the Western Crescent.

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

In 2019, the France Offices activities characterized by:

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

Partially owned assets are the following:

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

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

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

(€M)	Surface (m ²)	Number of assets	Rental income 2018 100%	Rental income 2018 Group share	Annualized rents 2019 100%	Annualized rents 2019 Group Share	Change (%) Group share	Change (%) Lfl. 1 Group share	% of rental income
Paris Centre West	122,186	12	40.8	40.8	35.2	35.2	-16.6%	1.8%	15%
Paris South	72,184	8	30.0	25.0	33.6	27.3	4.0%	8.6%	11%
Paris North-East	109,320	6	19.5	19.5	20.9	20.9	5.7%	5.0%	9%
Total Paris	303,690	26	90.3	85.3	89.7	83.4	-5.4%	4.7%	36%
Western Crescent and La Défense	224,507	18	71.2	63.6	76.9	68.1	-1.5%	-0.6%	28%
Inner ring	467,743	21	55.9	40.1	70.4	43.0	-8.7%	1.8%	16%
Outer ring	49,701	21	5.9	5.9	5.2	5.2	-11.9%	2.2%	2%
Total Paris Region	1,045,641	86	223.3	194.8	242.1	199.7	-5.0%	2.2%	82%
Major regional cities	400,223	48	29.9	29.7	46.1	36.4	-12.1%	5.9%	12%
Other French Regions	197,623	67	17.9	17.9	12.9	12.9	-14.6%	2.4%	7%
TOTAL	1,643,487	201	271.1	242.4	301.2	249.0	-6.6%	2.6%	100%

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

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

1.5.1.3. Annualised rents: €249 million Group Share

1.5.1.3.1. Breakdown by major tenants

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

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

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

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

The weight of strategic locations is unchanged compared to 2018.

1.5.1.4. Indexation

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

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

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

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

	Surface (m ²)	Annualised rents 2019 (€m, Group Share)	Annualised rents 2019 (€/m ² , 100%)
Vacating	49,730	9.6	197.6
Letting	24,968	5.8	279.3
Pre-letting	41,605	7.9	333.1
Renewals	250,270	41.5	245.4

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

1.5.1.6. Lease expiries and occupancy rate

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

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

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

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

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

1.5.1.6.2. Occupancy rate: a high level of 97.1%

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

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

1.5.1.7. Reserves for unpaid rent

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

(1) Net provision/reversals of provision.

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

1.5.1.8. Disposals and disposal agreements: €349 million secured at the end of 2019

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

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

- Acceleration of **mature asset disposals**, with €263 million signed in 2019 at 4.8% yield and +3.4% margin:
 - €167 million for a 20,800 m² office building in Saint-Denis, developed by Covivio and delivered in 2015 at 7% yield on cost, and sold at a 3.8% yield (+7% margin on appraisal value)

- €54 million for an 11,500 m² building in Charenton, fully let to Natixis, with a +1.1% margin on appraisal value
- €42 million for two buildings of a total of 18,640 m² in Roubaix and Reims.
- €43 million for **syndication of the project So Pop** in Paris 17th (development project of 31,000 m²) to Crédit Agricole.
- €23 million in **non-core assets** have been signed, mainly in other French regions and the outer suburbs.
- €20 million for a land bank in Meudon.

1.5.1.9. Development pipeline: €4.8 billion of projects (€4.3 billion Group Share)

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

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

1.5.1.9.1. Three projects delivered

Three projects were delivered in the first half of 2019:

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

1.5.1.9.2. Committed pipeline: €1.6 billion of projects (€1.3 billion Group Share)

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

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

Five new projects were committed in 2019:



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

This development is shared at 499% with Crédit Agricole Assurances and will be delivered in 2021.



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

Delivery is scheduled for 2022.

	• DS Campus extension – 27,600 m²: the second extension project of the Dassault Systems campus in Vélizy to be delivered in 2022. Covivio delivered the initial campus of 56,600 m² in 2008 and the first extension to the campus of 12,800 m² in 2016. The yield on cost of this project stands at 72%. As part as this operation, the leases of the whole campus were extended for 6 years until 2032. This asset is 50% shared with Crédit Agricole Assurances.		
	• Bordeaux, Jardins de l'Ars – 19,200 m²: prime office asset development in Bordeaux on a land bank acquired in 2019. The project is located near the high-speed train station in Bordeaux. Delivery is scheduled in 2022.		• Montpellier Bâtiment de Services – 6,300 m²: a services building developed in Montpellier Pompignane as part of the future business hub of the area. Delivery is scheduled in 2021.

1.5.1.9.3. Managed pipeline: €3.2 billion of projects (€3.1 billion in Group Share)

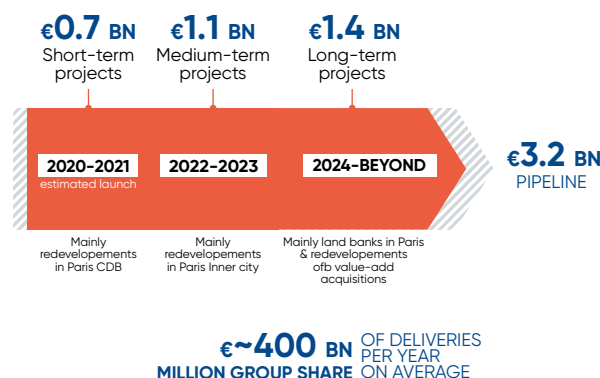
For a breakdown of managed projects, see the table on page 22 of this document.

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

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

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

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



1.5.1.10. Portfolio values

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

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

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

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

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

(1) Lfl.: Like-for-Like.

(2) Yield excluding assets under development.

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

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

1.5.1.11. Strategic segmentation of the portfolio

- The core portfolio is the strategic segment of key assets, consisting of resilient properties providing long-term income. Mature assets may be disposed of on an opportunistic basis in managed proportions. This frees up resources that can be reinvested in value-creating transactions, such as development projects or making new investments.
- The portfolio of assets "under development" consists of assets subject to a development project. Such assets will become core assets once delivered. They concern:
 - "committed" projects (appraised)
 - land banks that may be undergoing appraisal
 - "managed" projects vacated for short/medium term development (undergoing internal valuation).
- Non-core assets form a portfolio segment with a higher average yield than the overall office portfolio, but with smaller, liquid assets in local markets, allowing their possible progressive sale.

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

(1) Yield excluding development.

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

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

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

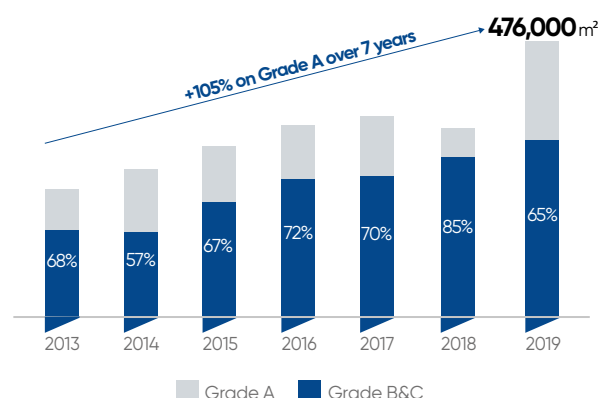
1.5.2. Italy Offices

1.5.2.1. Milan Office Market continues to show sound results

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

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

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



Covivio's activities in 2019 were marked by:

- the acceleration and success of the development pipeline in Milan, with four new committed projects representing €182 million and the pre-letting of more than 41,000 m² especially:
 - the full pre-letting of the Sign project, with 16,000 m² leased to NTT DATA
 - the launch of the third building of the Symbiosis area, 18,600 m² of offices already 35% pre-let
- the Reinventing Cities contest winning project, 10,000 m² of innovative office spaces 18% pre-let
- the launch of the 4,200 m² Unione in the CBD
- the progress towards strategic objectives: exiting from non-strategic assets and focusing on Milan, with €380 million of asset disposals signed, thus pursuing the improvement of the quality of the portfolio through asset rotation.

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

(€M)	Surface (m ²)	Number of assets	Rental income 2018 100%	Rental income 2018 Group Share	Rental income 2019 100%	Rental income 2019 Group Share	Change (%)	Change (%) LfL ⁽¹⁾	% of total
Offices – excl. Telecom Italia	446,868	73	93.4	54.2	100.3	100.3	85.1%	1.6%	53%
of which Milan	290,478	37	72.9	42.3	81.6	81.6	92.7%	1.8%	43%
Offices – Telecom Italia	907,679	128	94.3	29.0	88.2	45.0	55.0%	0.8%	46%
Development portfolio	183,155	12	2.3	1.4	1.7	1.7	27.4%	0.0%	1%
TOTAL	1,537,703	213	190.0	84.6	190.3	147.0	73.8%	1.3%	100%

(1) LfL: Like-for-Like.

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

- change in the scope effects (+€60.3 million) due to the merger with Beni Stabili (+€61.4 million)
- the disposal of non-core assets in 2018 and 2019 (–€8.8 million), including the syndication of 9% of the Telecom Italia portfolio (–€2.1 million)
- the like-for-like rental growth of +1.3% (+€1.8 million) is due to the performance of Milan offices which was driven by:
 - +1.0 pt from indexation
 - +0.1 pt due to occupancy
 - +0.2 pt from renewals
- acquisitions in Milan realised in 2018 (+€3.3 million) and deliveries (+€7.3 million)
- vacating for development (–€1.5 million), mainly on Via Dante.

1.5.2.3. Annualised rental income: €140 million Group Share

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

(€M)	Surface (m ²)	Number of assets	Annualised rents 2018 Group Share	Annualised rents 2019 100%	Annualised rents 2019 Group Share	Change (%)	% of total
Milan	537,491	55	97.2	90.3	83.2	-14.4%	60%
Rome	68,104	20	7.8	8.7	4.7	-39.6%	3%
Turin	105,434	9	5.3	8.1	6.3	18.7%	5%
North of Italy (other cities)	515,652	77	26.5	47.0	29.9	12.8%	21%
Others	311,021	52	15.1	28.9	15.5	2.4%	11%
TOTAL	1,537,703	213	151.9	182.9	139.6	-8.1%	100%

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

1.5.2.4. Indexation

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

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

1.5.2.5. Rental activity

(€M)	Surface (m ²)	Annualized rents 2019 Group Share	Annualized rents 2019 (100%, €/m ²)
Vacating	23,310	5.0	213
Lettings on operating portfolio	6,426	1.8	274
Lettings on development portfolio	41,481	12.7	305
Renewals	40,305	15.8	393

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

More than 41,000 m² have been pre-let in the development pipeline

- 16,000 m² on the Sign project to NTT DATA provider for 12 years firm. The asset is now 100% pre-let
- 6,400 m² on Milan Symbiosis, on the recently committed Building D, now 35% pre-let

- 4,700 m² on Milan – Via Dante for the first Wellio site in Italy
- 1,625 m² on Milan-Principe Amedeo, mainly to Igenius, now 100% pre-let
- 2,500 m² on Milan-Piazza Duca d'Aosta to Invest Hospitality, who will open an upscale hotel
- 10,000 m² on Turin, Corso Ferrucci.

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

1.5.2.6. Lease expiries and occupancy rates

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

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

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

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

- 19% on the Telecom Italia portfolio

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

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

(%)	2018	2019
Offices – excl. Telecom Italia	97.1%	98.1%
Offices – Telecom Italia	100.0%	100.0%
TOTAL	97.9%	98.7%

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

1.5.2.7. Reserves for unpaid rent

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

(1) Net provision/reversals of provision.

1.5.2.8. Disposals: €377 million secured in 2019

(€M, 100%)	Disposals (agreements as of end of 2018 closed) (I)	Agreements as of end of 2018 to close	New disposals 2019 (II)	New agreements 2019 (III)	Total 2019 = (II) + (III)	Margin vs 2018 value	Yield	Total Realised Disposals = (I) + (II)
Milan	-	-	234	39	273	10.2%	4.7%	234
Rome	-	-	41	-	41	-17.4%	7.4%	41
Other	0	-	32	34	66	-17.3%	8.0%	32
TOTAL 100%	0	-	307	73	380	0.7%	5.6%	307
TOTAL GROUP SHARE	0	-	306	71	377	0.8%	5.5%	306

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

- **a portfolio of €263.5 million of mature and non-core assets** including a building located in Milan, via Montebello, and nine assets located in Rome, Bologna, Venice and other cities in Italy. The price is slightly above December 2018 book value and implies a net exit yield of approximately 4.9% (5.4% gross yield)
- **disposal of €108.5 million of mature office buildings**, five office buildings in Milan semi-centre and one asset located in Rozzano at net yield of 3.3%.

1.5.2.9. Development pipeline: €0.9 billion of projects (€0.9 billion Group Share)

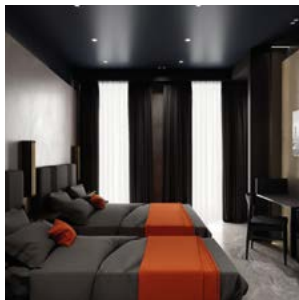
Covivio has around €0.9 billion of pipeline in Italy, focused on Milan, facing high demand for new or restructured spaces. The Group has boosted its development capacity since 2015, with nine committed projects at year-end-2019, which will drive the Group's growth in the coming years.

1.5.2.9.1. Delivered projects

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

1.5.2.9.2. Committed projects: €400 million

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

	• Symbiosis Building D – 18,600 m²: third building of the Symbiosis project, representing an investment of €85 million and a yield of 7%. 35% of the building has already been pre-let to Boehringer Ingelheim for their Italian headquarters. Delivery is scheduled for 2021.		• Via Dante – 4,700 m²: renovation of a trophy building near the Piazza Duomo. Covivio will host its Wellio co-working brand there for the opening of its first site in Milan, expected in the first half of 2020.
	• Symbiosis School – 7,900 m²: during the second half 2018 Covivio signed a preliminary contract with Ludum, part of NACE Schools, one of the six largest groups of private international schools in the world. The building is fully pre-let with delivery scheduled for 2020.		• The Sign – 26,200 m²: redevelopment project on Via Schievano, on the South West fringes of the centre of Milan in the Navigli business district. The first building had already been pre-let to AON in 2018 and the second & third buildings are now pre-let to NTT Data, bringing the pre-let ratio of the whole project to ca. 100%. The project will be delivered in 2020.
	• VITAE – 10,000 m²: during the first half 2019, Covivio won the Reinventing Cities competition with the Project "VITAE", a prestigious international tender for urban and environmental regeneration. 18% of the building is already pre-let to IFOM and Cirfood. Delivery is scheduled for 2022.		• Duca d'Aosta – 2,500 m²: redevelopment of an office building into a hotel space located in front of the Stazione Centrale railway station. The building is already fully pre-let to Invest Hospitality.
	• Unione – 4,200 m²: office redevelopment project in Milan CBD, representing an investment of €43m and a yield of 5.2%. Delivery is scheduled for 2021.		• Corso Ferrucci – 13,700 m²: redevelopment project (39,500 m² in total) of the existing Ferrucci asset in Turin. The delivered surfaces are fully let and the remaining surface area is expected to be delivered during 2020-2021 and is 23% pre-let.

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

Three main managed projects are in the pipeline:

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

1.5.2.10. Portfolio values

1.5.2.10.1. Change in portfolio values

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

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

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

(€M, Excluding Duties)	Value 2018 Group Share	Value 2019 100%	Value 2019 Group Share	LfL ⁽¹⁾ change	Yield ⁽²⁾ 2018	Yield ⁽²⁾ 2019	% of total
Offices – excl. Telecom Italia	2,073	1,823	1,823	0.4%	5.1%	5.0%	61%
Offices – Telecom Italia	720	1,414	721	0.1%	6.2%	6.2%	24%
Development portfolio	395	432	432	3.9%	N/A	N/A	15%
TOTAL	3,188	3,669	2,976	0.8%	5.4%	5.4%	100%

(1) LfL: Like-for-Like.

(2) Yield excluding development projects.

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

(1) LfL: Like-for-Like.

(2) Yield excluding development projects.

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

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

1.5.3. Germany residential & offices

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

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

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

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

Covivio's investment policy is focused on:

- development pipeline in Berlin, both in Residential & Offices
- acquisitions of existing German offices assets.

1.5.3.1.1. Residential market: housing gap driving rents & prices

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

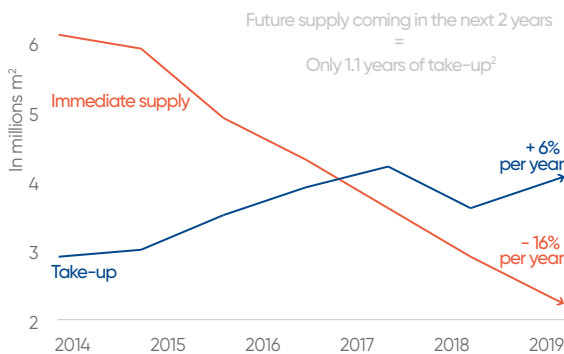
- Appetite for **residential investments** remained strong in 2019, reaching €20 billion (+7% versus 2018) with Berlin accounting for 19% of the transactions (€3.7 billion, up 19% from 2018).

1.5.3.1.1.1. New regulation in Berlin

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

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

1.5.3.1.2. Offices market: strong take-up & lack of new supply in the top 7 cities⁽¹⁾



¹ Berlin, Frankfurt, Munich, Hamburg, Dusseldorf, Stuttgart, Cologne;

² Average take-up 2017-2019 vs Immediate supply + available surface under construction
Sources: DZ Hyp (estimated data for FY2019), Guthmann, Colliers

In 2019, Covivio's activities were marked by:

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

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

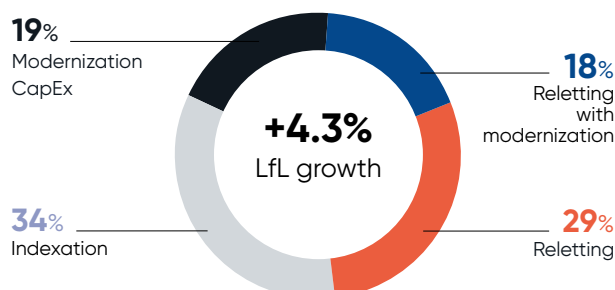
(€M)	Rental income 2018 100%	Rental income 2018 Group Share	Rental income 2019 100%	Rental income 2019 Group Share	Change Group Share (%)	Change Group Share (%) LfL ⁽¹⁾	% of rental income
Berlin	116.6	74.8	127.1	82.5	10.3%	4.6%	51%
• of which Residential	88.5	56.7	96.1	62.1	9.4%	4.6%	38%
• of which Offices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

(1) LfL: Like-for-Like.

(2) Ground floor retail, car parks, etc.

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

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



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

1.5.3.3. Annualised rental income: €168 million Group Share

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

(1) Ground floor retail, car parks, etc.

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

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

1.5.3.4. Indexation

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

• Rents for re-leased properties:

In principle, rents may be increased freely.

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

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

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

• For current leases:

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

• For current leases with works carried out:

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

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

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

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

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

- freeze of existing rent
 - impact of rent decrease:
 - in 2020: -€1.5 million to -€1.9 million Group Share
 - in 2021: -€6.0 million vs 2020
- > Cumulative impact representing **~1% of Covivio annualised rent** at end-2019.

1.5.3.5. Occupancy rate: a high level of 98.6%

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

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

1.5.3.6. Reserves for unpaid rent

Group Share (€M)	2018	2019
As % of rental income	0.8%	0.8%
In value ⁽¹⁾	1.2	1.3

(1) Net provision/reversals of provision.

1.5.3.7. Disposals and disposals agreements: €91 million in 2019

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

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

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

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

1.5.3.8. Acquisitions: €148 million realised in 2019

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

(1) Yield in 2 years after reletting of vacant spaces. Immediate yield of 3.7% on acquisitions realized.

1.5.3.8.1. In residential

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

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

1.5.3.8.2. In offices

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

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

1.5.3.9. Residential Development projects: €850 million pipeline

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

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

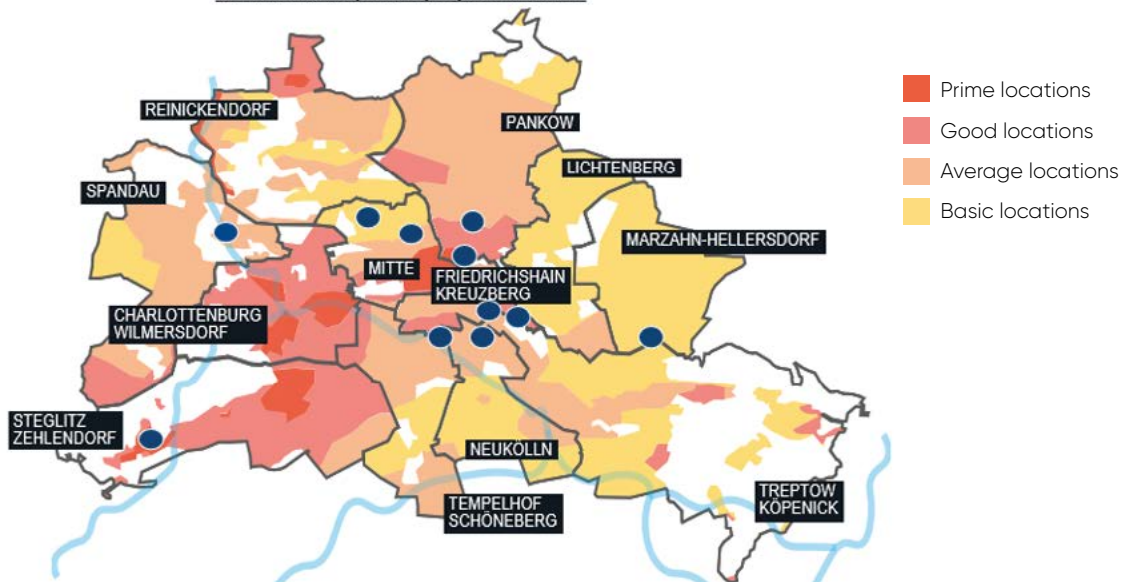
In 2019, Covivio delivered the first two residential projects in Germany of which one is located in Essen and one in Berlin with a yield of around 5.6%. These projects are part of the letting program and total 14 apartments for a €3 million cost.

1.5.3.9.1. Committed projects: €211 million (€135 million Group Share)

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

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

Covivio development projects in Berlin



Source: Engel & Völkers Residential.

1.5.3.9.2. Managed projects: ~€640 million of projects (~€410 million Group Share)

Covivio continues to strengthen its residential pipeline: in 2019, €39 million of land banks were acquired and will enable the development of 18,300 m² of housing.

In all, 67 additional development projects have already been identified, representing about €636 million in developments. They mainly consist of construction projects in the centre of Berlin for more than 2,300 new housing units on around 190,000 m².

1.5.3.10. Offices Development projects: €0.6 billion of developments projects in Berlin

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

- **Alexanderplatz:** 60,000 m² flag-ship mixed-use project in Alexanderplatz for the construction of a new tower in the heart of Berlin. The building will host offices, residential and ground-floor retail. The project is set to be delivered in 2024.

In 2019, the pre-building permit was obtained, and the preparatory works started. The building permit obtention is expected for 2020.

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

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

1.5.3.11. Portfolio values

1.5.3.11.1. Change in portfolio value: 13% growth

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

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

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

(€M, Excluding Duties)	Value 2018 Group Share	Surface 100% (m ²)	Value 2019 100%	Value 2019 (€/m ²)	Value 2019 Group Share	Lfl ⁽¹⁾ change	Yield 2018	Yield 2019	% of total value
Berlin	2,220	1,321,114	3,816	2,889	2,504	11.1%	3.7%	3.5%	59%
• of which Residential	1,756	1,071,586	2,994	2,794	1,934	-	3.6%	3.3%	46%
• of which Offices	126	86,357	320	2,820	244	-	4.3%	4.1%	6%
• of which Other commercial ⁽²⁾	339	163,171	503	3,085	327	-	4.7%	4.3%	8%
Dresden & Leipzig	324	320,919	593	1,848	380	14.0%	4.8%	4.2%	9%
Hamburg	263	143,241	454	3,167	297	12.8%	4.0%	3.7%	7%
North Rhine-Westphalia	935	1,127,633	1,655	1,468	1,047	9.3%	5.6%	5.3%	25%
• Essen	339	385,303	613	1,592	382	10.0%	5.3%	5.0%	9%
• Duisburg	160	205,569	267	1,300	167	8.5%	5.9%	5.8%	4%
• Mulheim	111	130,244	187	1,432	119	8.3%	5.8%	5.5%	3%
• Oberhausen	102	145,861	165	1,133	111	8.6%	6.8%	6.5%	3%
• Other	223	260,656	423	1,622	269	9.7%	5.3%	4.9%	6%
TOTAL	3,743	2,912,907	6,518	2,212	4,229	11.0%	4.3%	4.0%	100%
• of which Residential	3,159	2,589,544	5,528	2,135	3,552	-	4.3%	4.0%	84%
• of which Offices	207	109,802	356	2,553	267	-	4.6%	4.3%	6%
• of which Other commercial 2	376	213,561	634	2,969	410	-	4.9%	4.5%	10%

(1) Lfl: Like-for-Like.

(2) Ground floor retail, car parks, etc.

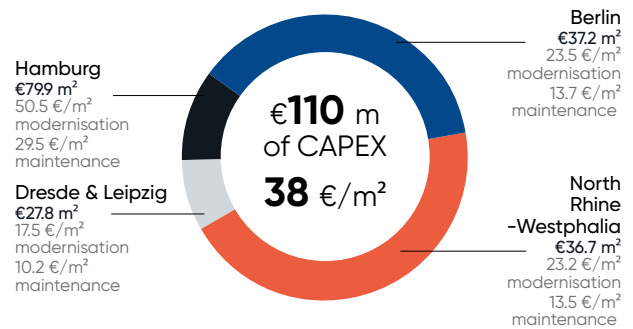
Covivio's residential portfolio in Germany is valued at €2,135/m² on average, offering significant growth potential, especially in Berlin where the current valuation of the residential units stands below €2,800/m², significantly below the average asking price of condominiums (€4,740/m² at end-2019).

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

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

1.5.3.12. Maintenance and modernisation CAPEX

- In 2019, €110 million in CAPEX (€38/m²) and €19 million in Opex (€6.4/m²) were realised. CAPEX spending increased by 16% in €million and in €/m², compared to 2018, due to the modernisation program in North Rhine Westphalia, now that all non-core assets have been sold, and some modernisations program in Hamburg.
- **Modernisation CAPEX**, used to improve asset quality and increase rental income, accounts for 63% of the total, stable vs 2018.



1.5.4. Hotels in Europe

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

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

1.5.4.1. The European hotel market continues to grow

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

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

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

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

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

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

- steady asset rotation
 - €736 million of acquisitions realised in 2019 (€156 million Group Share), including a 32% stake in a portfolio of 32 Accor hotels worth €550 million in Paris and the city-centres of major cities in France and Belgium and a Hilton hotel under management contract in Dublin for €45 million
 - €295 million (€97 million Group Share) of new disposals signed in 2019 with a 20% margin, mainly non-core B&B Hotel in secondary locations in France & Germany
 - €573 million of investment secured for 2020 (capex included) with a high-end portfolio of eight hotels in Rome, Florence, Venice, Budapest, Prague and Nice Covivio will sign 15-year triple-net leases with NH Hotels offering a 5.8% target yield (4.7% minimum guaranteed).

- positive like-for-like revenue growth (+1.2%) driven by the positive EBITDA performance from management contracts (+2.3%), particularly in Germany
- the steady increase in hotel portfolio values (+5.5% on a like-for-like basis), in particular due to the high-margin secured on disposals expected in 2020 and the upturn of business in Germany.

Assets not wholly owned by Covivio Hotels include:

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

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

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

(1) LfL: Like-for-Like.

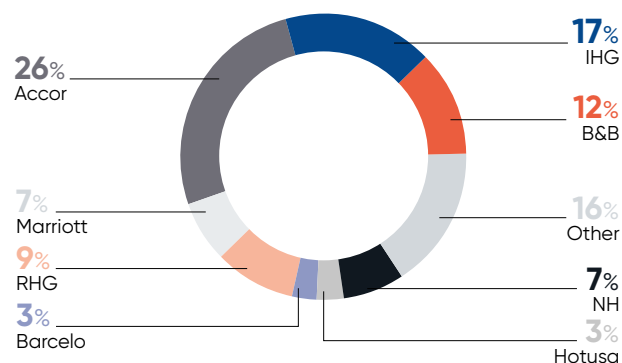
Hotel revenue grew by €12.4 million Group Share compared to 2018, due to:

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

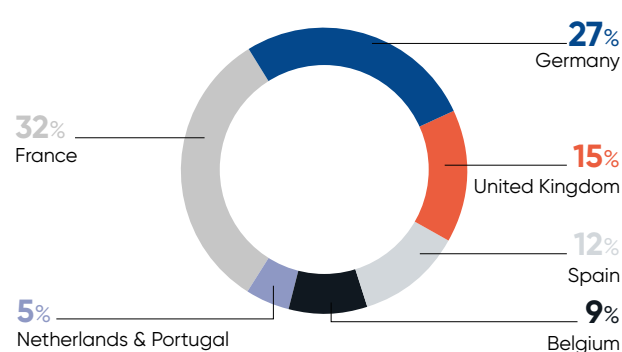
1.5.4.3. Annualised revenue: €127 million Group Share

1.5.4.3.1. Breakdown by operators and by country

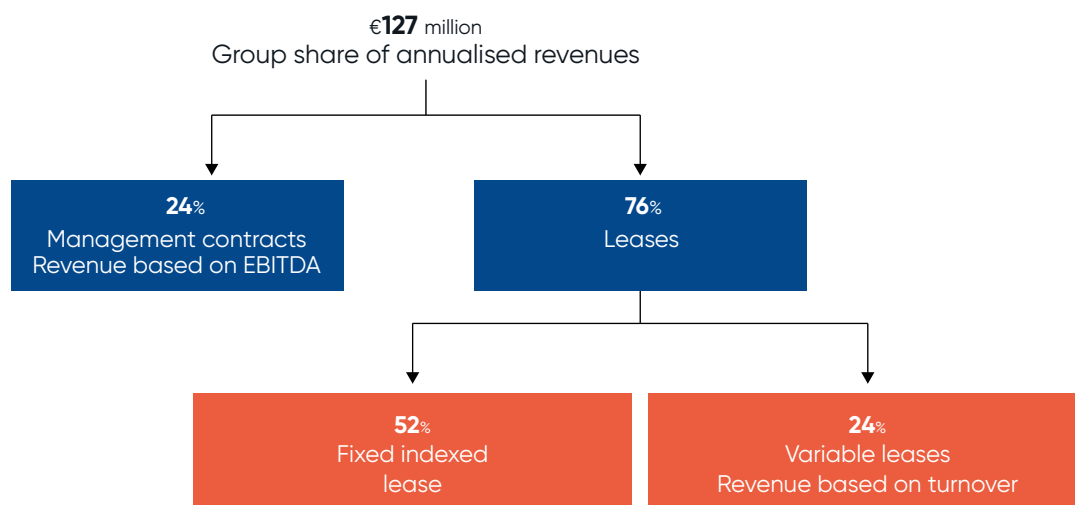
■ Breakdown by operators



■ Breakdown by country



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



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

1.5.4.4. Indexation

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

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

Group Share (€M)	By lease end date (1 st break)	% of total	By lease end date	% of total
2020	1.2	1%	0.0	0%
2021	3.4	3%	0.5	1%
2022	3.4	3%	1.0	1%
2023	4.1	4%	2.5	3%
2024	0.0	0%	1.5	1%
2025	2.3	2%	2.6	3%
2026	0.7	1%	1.0	1%
2027	1.5	2%	1.5	2%
2028	0.4	0%	0.4	0%
2029	17.5	18%	18.5	19%
Beyond	62.3	64%	67.3	70%
TOTAL HOTELS IN LEASE	96.7	100%	96.7	100%

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

The occupancy rate remained at 100%.

1.5.4.6. Reserves for unpaid rent

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

1.5.4.7. Disposals and disposal agreements: €295 million of new commitments

(€M)	Disposals (agreements as of end of 2018 closed) (I)	Agreements as of end of 2018 to close	New disposals 2019 (II)	New agreements 2019 (III)	Total 2019 = (II) + (III)	Margin vs 2018 value	Yield	Total Realised Disposals = (I) + (II)
Hotel Lease properties	283	0	113	133	246	22.9%	4.9%	396
Hotel Operating properties	0	0	49	0	49	8.8%	7.4%	49
TOTAL HOTELS – 100%	283	0	162	133	295	20.4%	5.3%	445
TOTAL HOTELS – GROUP SHARE	65	0	44	53	97	22.3%	5.3%	110

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

- **non-core assets:** 34 B&B hotels in secondary locations for €118 million, signed with a 12% margin above year-end-2018 appraisal value and a 5.6% yield; 11 B&B hotels in Germany in secondary locations for €115 million, signed with a 39% margin above year-end-2018 appraisal value and a 4.2% yield
 - **one mature asset:** the five-star Westin Bellevue in Dresden, with 340 rooms for €48.5 million (€20 million Group Share), with a margin of +8.8% on the appraisal value. Covivio is keeping the adjacent land reserve which offers strong residential development potential, thus feeding its development pipeline in Germany.
- In addition, €283 million of non-core disposals signed in 2018 were realised this year, mainly a portfolio of B&B hotels in France in secondary locations sold for €272 million at a 5.5% yield.

1.5.4.8. Acquisitions: €736 million realised in 2019 & €573 million secured for 2020

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

(1) Target yield after ramp-up phase. Immediate yield of 5.2%.

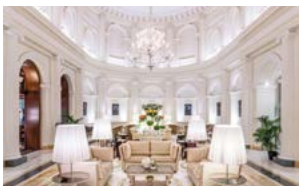
During 2019, Covivio strengthened its presence in major European cities with €736 million (€156 million Group Share) of acquisitions:



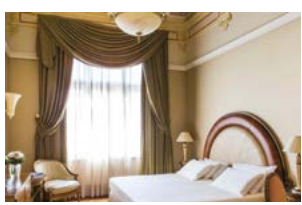
- A 32% stake in a portfolio of 32 Accor hotels in France and Belgium for €175 million, closed in early July 2019. The portfolio, valued at €550 million, comprises high-quality assets (recently renovated, sound EBITDAR margin >30%) located in Paris and in the city-centres of major regional cities. The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

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

<https://www.covivio.eu/en/reports/covivio-expands-its-hotel-presence-in-france/>

	• Three B&B hotels acquired for €24 million in Poland (Warsaw, Krakow & Lodz). Covivio is accompanying the expansion of a long-term partner in a new dynamic market. B&B aims to open 1,500 in Poland largest cities in the medium-term. The Group signed long-term leases with B&B (15 years firm) with a minimum guaranteed yield of 6.3% and a target yield of 6.7% in 2023 through a variable component.	
	• Acquisition a 4* hotel located in the centre of Dublin, under a management contract with Hilton, for €45.5 million and a yield of 6.4%. With 120 rooms, this hotel will benefit from a project to convert meeting rooms into ten additional rooms from now to 2021, generating a target value creation of around 10%	
	• Three transactions secured in 2018 and closed in the first half for €91 million for two hotels in Oxford leased to IHG, with 5.5% target yield, and one NH Hotel in the Netherlands, with a 6.5% minimum guaranteed yield and a 7.6% target yield.	• The increase of Covivio's stake in the Club Med Samoëns from 25% to 50% following the asset contribution of Caisse des Dépôts to Covivio Hotels.

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

	At year-end-2019, Covivio secured the acquisition of a hotel portfolio in 2020 in Rome, Florence, Venice, Budapest, Prague and Nice for €573 million (capex included) for a yield target of 5.8%, including 4.7% minimum guaranteed yield. This portfolio of high-end hotels mostly 5-star-rated in prime locations include several emblematic hotels such as the Palazzo Naiadi in Rome, the Carlo IV in Prague, the Plaza in Nice and the NY Palace in Budapest.
	Totalling 1,115 rooms, these hotels will be operated under the brands NH Collection, NH Hotels and Anantara Hotels & Resorts. For that, Covivio and NH Hotel Group (part of Minor International) signed long term triple net lease contracts with minimum guaranteed variable rent. The agreement has an initial duration of 15 years and may be extended at NH Hotel Group's option to 30 years. Covivio is now pursuing a CAPEX program for the entire portfolio, which shows great potential for growth.

<https://www.covivio.eu/en/press/hotels-covivio-continues-its-european-expansion-and-acquires-nearly-e620-m-of-emblematic-hotels-in-europe/>

1.5.4.9. Development project

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

1.5.4.9.1. Delivered projects

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

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

1.5.4.9.2. Committed projects: 1 B&B hotel in Greater Paris

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

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

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

1.5.4.10. Portfolio values

1.5.4.10.1. Change in portfolio values

(€ million, Excluding Duties, Group share)	Value 2018	Acquis.	Invest.	Disposals	Change in value	Reclustering	Change in scope	Value 2019
Hotels - Lease properties	1,697	142	9	-86	106	46	62	1,976
Hotels - Operating properties	506	39	4	-41	17	-	7	536
Assets under development	46	-	1	-	0	-46	0,0	1
TOTAL HOTELS	2,250	181	14	-128	124	-	69	2,153

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

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

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

(1) 1 LfL : Like-for-Like

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

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

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

- **+6.1% like-for-like growth on lease properties:**
 - +5.7% in France with the good performance of the Accor portfolio (both on assets under renovation by Accor and

other assets) and the value creation on the B&B portfolio due to recent disposals with high margin above appraisal values

- +18.8% in Germany with the value creation on the B&B portfolio due to recent disposals secured with high margin (€115 million of assets with 39% margin).
- **+3.4% like-for-like growth in value for hotel operating properties**, with +5.4% rise in values in Germany of the portfolio of nine hotels under management contracts.

1.6. FINANCIAL INFORMATION AND COMMENTS

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

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

1.6.1. Consolidated Accounts

1.6.1.1. Scope of consolidation

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

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

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

1.6.1.2. 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 13 February 2020.

1.6.1.3. Simplified income statement – Group Share

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

1.6.1.3.1. +13.3% increase in net revenue

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

Group Share (€M)	2018	2019	var.	%
France Offices	232.3	213.2	-19.1	-8.2%
Italy Offices (incl. retail)	76.9	133.4	+56.5	+73.5%
German Residential	139.8	145.7	+5.9	+4.2%
Hotels in Europe (incl. retail)	85.1	96.2	+11.1	+13.0%
Other (incl. France Residential)	4.9	3.0	-1.9	-38.8%
TOTAL NET RENTAL INCOME	539.0	591.5	+52.5	+9.7%
EBITDA from hotel operating activity & flex-office	30.5	34.3	+3.8	+12.6%
Income from other activities	5.1	25.0	+19.9	N/A
NET REVENUE	574.6	650.8	+76.2	+13.3%

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

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

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

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

- **EBITDA from the hotel operating activity and flex-office:** +€3.8 million growth driven by the ramping-up of the flex-office activity (€6 million of EBITDA), with an occupancy rate close to 99% on the four sites open since January 2019. EBITDA from hotel operating activities (€292 million) declined slightly (-7%) due to disposals (mainly the Westin hotel in Dresden in 2019) and assets closed for renovation (Nice Méridien).

- **Income from other activities:** net income from other activities comes from the income generated by car park companies (€9.7 million) and property development activity (€15.2 million).

The increase of +€199 million is due to:

- the first application of IFRS 16 – Leases, which involves replacing lease expenses by interest charge and an amortization of the right of use asset (+€6 million impact on the car parks activity)
- the increase in property development fees (+€14 million) thanks to more developments in partnerships in France.

1.6.1.3.2. Net operating costs

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

1.6.1.3.3. Amortization of operating assets

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

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

Previous year, ground lease expenses and ground lease recharge were reported inside the net rental income. Because of the first application of IFRS 16 – Leases, there is no longer ground lease expense, therefore the ground lease recharge is reported in the caption "Net change in provision and other" so as to not increase artificially the Net rental income.

- **Net income from inventory properties:**

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

1.6.1.3.4. Income from asset disposals & disposal of securities

Income from asset disposals (in asset or share transactions) contributed -€12.4 million during the year. This loss is due to the

sale of assets in Italy (Offices & Non-strategic retail in secondary locations outside Milan) for which the sale price has been lower than the last appraisal report.

1.6.1.3.5. Change in the fair value of assets

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

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

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

1.6.1.3.6. Income from changes in scope and other

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

- **Cost of net financial debt:**

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

1.6.1.3.7. Interest charges linked to finance lease liability

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

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

1.6.1.3.8. Value adjustment on derivatives

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

1.6.1.3.8.1. Share of income of equity affiliates

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

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

- OPCI Covivio Hotels: two hotel portfolios, Campanile (32 hotels) and AccorHotels (39 hotels) owned at 80% by Crédit Agricole Assurances
- Lénovilla: the New Vélizy campus (47,000 m²), let to Thalès and co-owned with Crédit Agricole Assurances
- Euromed in Marseille: two office buildings (Astrolabe and Calypso) and a hotel (Golden Tulip) in partnership with Crédit Agricole Assurances

- Cœur d'Orly in Greater Paris: development project for new offices in the business district of Orly airport in partnership with ADP
- Bordeaux Armagnac: development project delivered in 2019 in partnership with Icade of three buildings near the new high-speed train station. Covivio will retain one building at 100% in 2020
- Phoenix hotel portfolio: new acquisition in 2019 by Covivio Hotels of a 32% stake in a portfolio of 32 Accor hotels in France & Belgium.

1.6.1.3.8.2. Taxes

The corporate income tax corresponds to the tax on:

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

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

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

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

- The restatement of amortization of operating assets offsets the real estate amortization of flex-office and hotel operating activities.
- The restatement of net change in provisions consists to state the ground lease expenses linked to the UK leasehold (-€2.7 million, previously eliminated in accordance to IFRS 16).
- There was an €28 million impact on the cost of debt due to early debt restructuring costs.

- The interest charges linked to finance lease liabilities relating to the UK leasehold, as per the IAS 40 § 25 standard, (€4 million) was cancelled and replaced by the lease expenses paid (-€2.7 million). The lease expenses paid are included in the restatement of Net change in provisions and other.
- The restatement of corporate income tax is linked to the tax on disposals.

1.6.1.3.8.4. EPRA Earnings by activity

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

1.6.1.3.8.5. EPRA Earnings of affiliates

Group Share (€M)	France Offices	Hotels (in lease)	2019
Net rental income	12.7	6.1	18.7
Net operating costs	-0.3	-0.5	-0.8
Amortization of operating properties	-	-	-
Cost of net financial debt	-1.9	-0.9	-2.8
Corporate income tax	-	-0.2	-0.2
SHARE IN EPRA EARNINGS OF AFFILIATES	10.5	4.5	14.9

1.6.1.4. Simplified consolidated income statement (at 100%)

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

1.6.1.4.1. +€16.3 million (+1.7%) rise in consolidated net revenue

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

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

1.6.1.5. Simplified consolidated balance sheet (Group Share)

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

1.6.1.5.1. Investment properties, Properties under development and Other fixed assets

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

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

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

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

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

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

The positive change in the **Hotels in Europe portfolio** (+€200 million) is mainly driven by acquisitions and CAPEX (+€84 million, including two remaining assets in the UK portfolio), the growth in fair value (+€85 million), and offset by the disposals realized and secured (–€60 million).

At the same time, the portfolio value in Group Share increased due to the changed stake of Covivio in Covivio Hotels for (+€35 million), currency and accounting impacts of IFRS 16 of (€56 million).

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

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

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

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

1.6.1.5.1.2. Total Group Shareholders' equity

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

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

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

1.6.1.5.1.3. Deferred tax liabilities

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

1.6.1.5.1.4. Other liabilities

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

1.6.1.6. Simplified consolidated balance sheet (at 100%)

(€k)	31-Dec-19	31-Dec-18
Net consolidated result (including minority interests)	746,923	749,577
Impact of non-cash items in the result	–403,427	–302,960
Internal financing capacity after cost of debt and taxes	343,496	446,617
Net cost of debt and taxes	226,271	178,009
Internal financing capacity before cost of debt and taxes	569,767	624,625
WCR variation and tax paid	–65,578	52,288
Net cash-flow generated by operating activities	504,189	676,913
Net cash-flow generated by operating activities	166,620	–169,717
Net cash-flow generated by investment operations	–424,819	–671,908
NET CASH-FLOW GENERATED BY INVESTMENT OPERATIONS	245,990	–164,712
Net cash-flow generated by financing operations	898,529	1,063,241
Net cash-flow generated by financing operations	1,144,519	898,529
Net variation of cash-flow	245,990	–164,712

1.6.1.7. Simplified consolidated balance sheet (at 100%)

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

1.7. FINANCIAL RESOURCES

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

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

1.7.1. Main debt characteristics

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

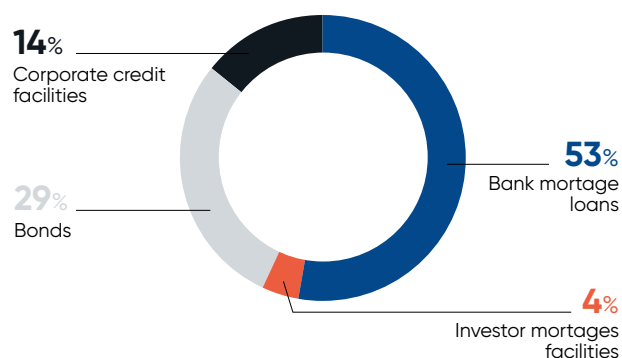
1.7.2. Debt by type

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

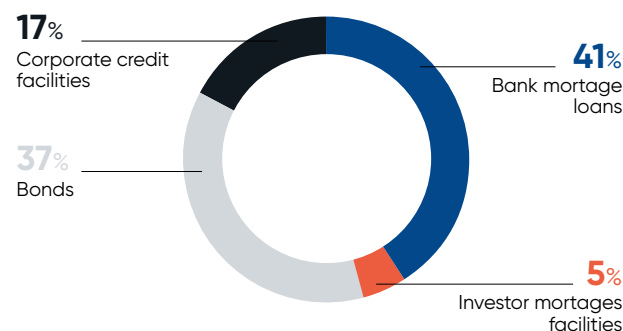
As regards the commitments attributable to the Group, the share of corporate debts (bonds and loans) remained stable at 54% at end-2019 compared to end-2018.

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

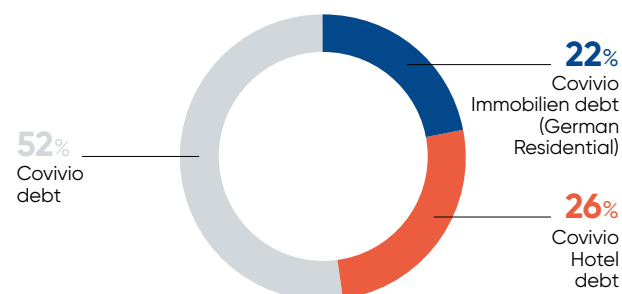
■ consolidated commitments by type



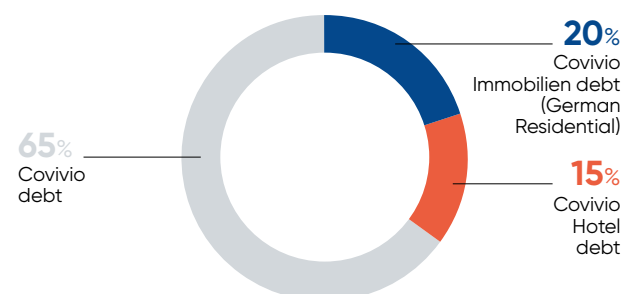
■ Consolidated commitments by company



■ Group share commitments by type



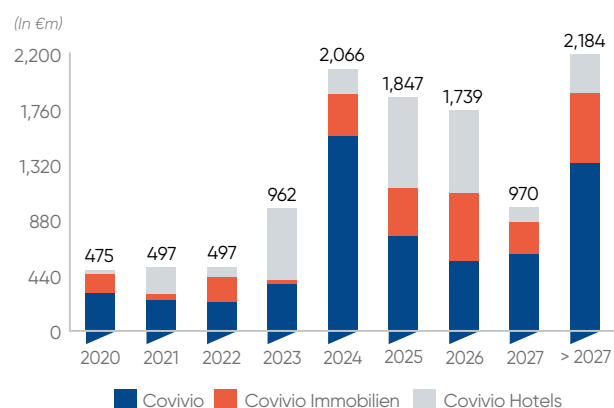
■ Group share commitments by company



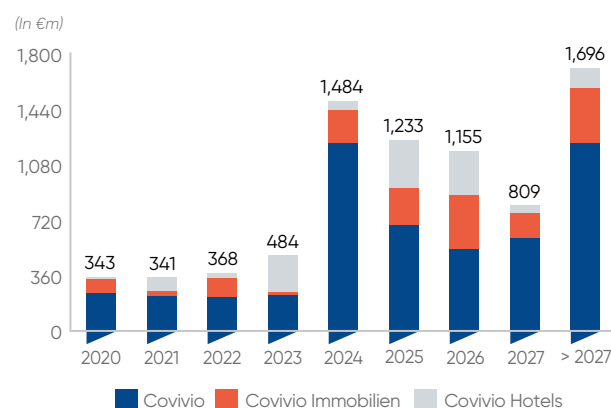
1.7.3. Debt maturity

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

■ Debt amortization schedule by company € million (Group Share)



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

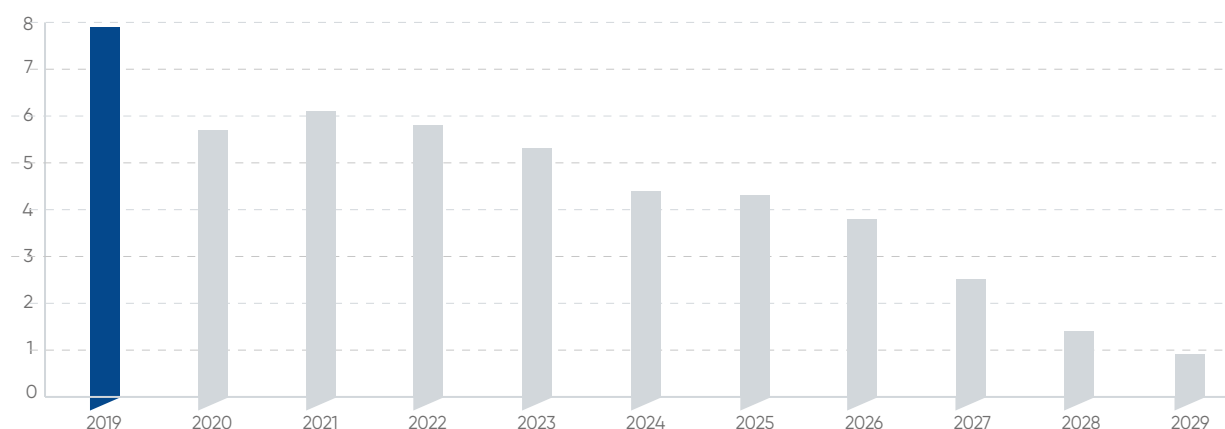


1.7.4. Hedging profile

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

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

■ Hedging maturities (€Bn, Group Share)



1.7.5. Average interest rate on the debt and sensitivity

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

1.7.5.1. Financial structure

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

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

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

- for Covivio: 200%
- for Covivio Hotels: 200%.

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

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

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

(1) Excluding duties and sales agreements.

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

Detail of Loan-to-Value calculation (LTV)

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

1.7.6. Reconciliation with consolidated accounts

1.7.6.1. Net debt

(€M)	Consolidated accounts	Minority interests	Group Share
Bank debt	10,888	-3,045	7,842
Cash and cash-equivalents	1,302	-148	1,155
NET DEBT	9,585	-2,898	6,688

1.7.6.2. Portfolio

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

1.7.6.3. Interest Coverage Ratio

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

1.8. EPRA REPORTING

1.8.1. Change in net rental income (Group Share)

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

1.8.1.1. Reconciliation with financial data

(€M)	2019
Total from the table of changes in Net rental Income (GS)	591
Adjustments	-
TOTAL NET RENTAL INCOME (FINANCIAL DATA § 3.3)	591
Minority interests	298
TOTAL NET RENTAL INCOME (FINANCIAL DATA § 3.4)	889

1.8.2. 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.

- Vacancy rate at end of period =

$$\frac{\text{Market rental value on vacant assets}}{\text{Contractual annualized rents on occupied assets} + \text{Market rental value on vacant assets}}$$

- EPRA vacancy rate at end of period =

$$\frac{\text{Market rental value on vacant assets}}{\text{Market rental value on occupied and vacant assets}}$$

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

1.8.3. Investment assets – Asset values

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

- The EPRA net initial yield is the ratio of:

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

Reconcilliation with IFRS statements

(€M)	2019
TOTAL PORTFOLIO VALUE (GROUP SHARE, MARKET VALUE)	15,688
Fair value of the operating properties	-964
Fair value of companies under equity method	-418
Right of use on investment assets	88
Fair value of car parks facilities	-50
INVESTMENT ASSETS GROUP SHARE⁽¹⁾ (FINANCIAL DATA § 3.5)	14,343
Minority interests	6,819
INVESTMENT ASSETS 100%⁽¹⁾ (FINANCIAL DATA § 3.5)	21,162

(1) Fixed assets + Developments assets + asset held for sale.

(€M)	2019
Change in fair value over the year (Group Share)	614
Others	-
INCOME FROM FAIR VALUE ADJUSTMENTS GROUP SHARE (FINANCIAL DATA § 3.3)	614
Minority interests	390
INCOME FROM FAIR VALUE ADJUSTMENTS 100% (FINANCIAL DATA § 3.3)	1,003

1.8.4. Assets under development

	Ownership type	% ownership (Group Share)	Fair value December 2019	Capitalised financial expenses over the year	Total cost incl. financial cost ⁽¹⁾ (€M) Group Share	% progress	Delivery date	Surface at 100% (m²)	Pre-leasing	Yield (%)
Meudon Ducasse	FC ⁽²⁾	100%		0.2	22	59%	2020	5,100	100%	6.4%
IRO	FC	100%		1.8	139	67%	2020	25,071	20%	6.3%
Flow	FC	100%		1.4	115	46%	2020	23,500	100%	6.6%
Silex II (50% share)	FC	50%		1.3	85	51%	2021	30,900	53%	5.8%
Montpellier Bâtiment de services	FC	100%		0.1	21	27%	2021	6,300	8%	6.7%
Montpellier Orange	FC	100%		0.1	49	19%	2021	16,500	100%	6.7%
Paris So Pop (50% Share)	FC	50%		1.2	112	5%	2021	31,000	0%	6.1%
N2 (50% share)	FC	50%		0.1	85	0%	2022	15,900	34%	4.2%
DS Extension 2 (50% share)	FC	50%		0.0	71	0%	2022	27,548	100%	7.2%
Levallois Alis	FC	100%		2.7	215	6%	2022	20,500	0%	5.0%
Total France Offices			627	8.9	913	26%		202,319	39%	5.9%
Ferrucci	FC	100%		0.0	33	84%	2020	13,733	23%	5.4%
The Sign	FC	100%		2.5	106	70%	2020	26,200	98%	7.3%
Symbiosis School	FC	100%		0.1	22	49%	2020	7,900	99%	7.5%
Duca d'Aosta	FC	100%		0.1	12	63%	2020	2,500	100%	9.0%
Symbiosis D	FC	100%		1.3	85	10%	2021	18,600	35%	7.0%
Unione	FC	100%		0.1	43	0%	2021	4,800	0%	5.2%
Total Italy Offices			299	4.1	301	43%		73,733	58%	6.8%
B&B Bagnolet	FC	22%		0.0	2	86%	2020	108 rooms	100%	6.0%
Total Hotels in Europe	FC		2	0.0	2	86%		108 rooms	100%	6.0%
TOTAL			928	13.1	1,216	30%		276,052 M² & 108 ROOMS	44%	6.1%

(1) Total cost including land and financial cost.

(2) FC: Full consolidation.

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

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

Reconciliation with financial data	2019
Total fair value of assets under development	928
Project under technical review and non-committed projects	203
ASSETS UNDER DEVELOPMENT (FINANCIAL DATA § 3.5)	1,131

1.8.5. Information on leases

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

1.8.6. 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:

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

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

1.8.7. EPRA cost ratio

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

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

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

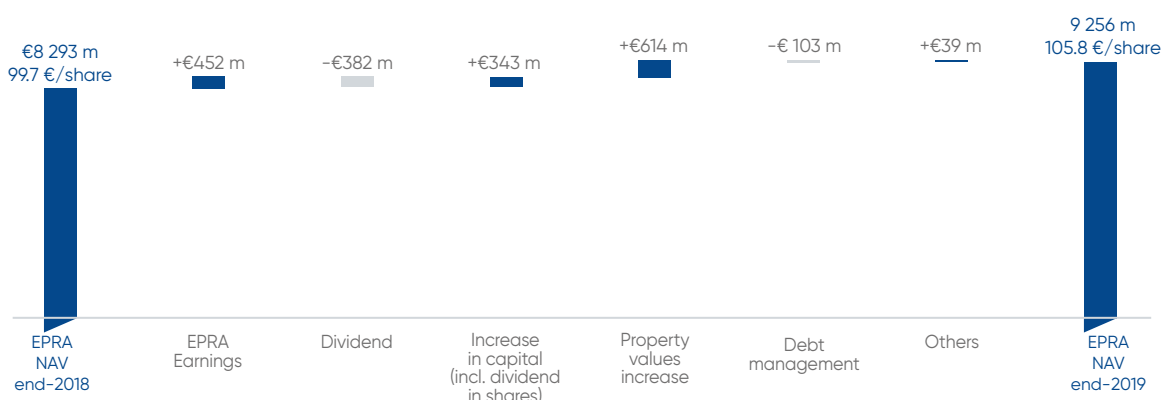
1.8.8. EPRA Earnings: +4.4% growth

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

1.8.9. EPRA NAV and EPRA NNAV

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

■ Evolution of EPRA NAV



1.8.9.1. Reconciliation between shareholder's equity and EPRA NAV

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

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

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

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

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

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

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

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

1.8.9.2. Fair value assessment of operating properties

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

1.8.9.3. Fair value adjustment for the car parks

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

1.8.9.4. Fair value adjustment for own occupied buildings and operating hotel properties

In accordance with IAS 40, owner-occupied buildings and operating hotel properties are not recognised at fair value in the consolidated financial statements. In line with EPRA principles,

EPRA NNNAV was adjusted for the difference resulting from the fair value appraisal of the assets for €39.1 million. The market value of these assets is determined by independent experts.

1.8.9.5. Fair value adjustment for fixed-rate debts

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

1.8.9.6. Recalculation of the base cost excluding duties of certain assets

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

1.8.10. Capex by type

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

(1) Acquisitions including duties.

(2) Renovation on portfolio excluding developments.

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

(4) Commercialization fees, financial expenses capitalized and other capitalized expenses.

1.8.11. EPRA performance indicator reference table

EPRA information	Section	in %	Amount (in €)	Amount (in €/share)
EPRA Earnings	1.8.8		€452 million	€5.31/share
EPRA NAV	1.8.9		€9,256 million	€105.8/share
EPRA NNNAV	1.8.9		€8,375 million	€95.7/share
EPRA NAV/IFRS NAV reconciliation	1.8.9			
EPRA net initial yield	1.8.6	4.1%		
EPRA topped-up net initial yield	1.8.6	4.3%		
EPRA vacancy rate at year-end	1.8.2	1.7%		
EPRA costs ratio (including vacancy costs)	1.8.7	18.2%		
EPRA costs ratio (excluding vacancy costs)	1.8.7	16.5%		
EPRA indicators of main subsidiaries	1.8.2 & 1.8.6			

1.9. PROPERTY VALUATION

1.9.1. Asset valuation method

The overall portfolio is appraised by independent experts on a half-yearly basis (30 June and 31 December), and according to the calculation methods determined by an internal set of specifications based on the guidelines of the oversight bodies:

- recommendation of the *Autorité des Marchés Financiers* (AMF)
- instructions from the COB report of 3 February 2000 on real estate appraisals ("Report from the Working Group on expert appraisals of the real estate portfolios of companies issuing public calls for savings" chaired by Georges Barthès de Ruyter).

Covivio also abides by the Listed Real Estate Investment Company (SIIIC) Code of Ethics applicable to FSIF (*Fédération des Sociétés Immobilières et Foncières*) member companies, particularly in terms of real estate appraisals.

Moreover, the real estate experts selected, namely BNP Real Estate Valuation, Cushman & Wakefield, JLL Expertises, CBRE Valuation and VIF Expertise, are all members of the AFREXIM (*Association Française des Experts Immobiliers* – French Association of Real Estate Appraisers), and are considered as such under the real estate appraisal charter approved by the AFREXIM. As a result of this, the experts adhere to the various French standards. Their valuation methods comply with the RISC and IVSC international codes of conduct.

Each asset is subject to a complete appraisal at the time of its acquisition, or when there is a change of appraiser. Updates to the file and sometimes asset inspections are performed during interim appraisals. Assets with an appraisal value of over €30 million⁽¹⁾ are subject to a complete appraisal every three years. The remainder are appraised every five years.

A complete appraisal consists of:

- preparation of a file including the legal, technical and financial documents required to objectively analyse the factors that enhance or reduce the value of the assets under consideration
- an internal visit to the sites and their environment
- research and analysis of comparison factors
- drafting of a report in which the final appraisal must be consistent with the aforementioned observations, and a relevant analysis of the category market in question.

1.9.1.1. Income capitalisation method

This approach involves recognising the revenues produced or capable of being produced by an asset and capitalising them at an appropriate rate. This rate is derived from the revenues recognised, the asset's features, and its foreseeable potential. It is based on the analysis of other rental properties and should be viewed as a whole from a general context of revenues expected from various investments in a given economic environment.

The main criteria for choosing rates of return are as follows:

- geographic location
- age and condition of the property complex
- possibility of converting the property complex
- size and profitability of the establishment.

1.9.1.2. Discounted cash flow (DCF) method

This method takes into consideration future revenue, including recognised rental income, anticipated rental income, and work under contract for the lessor and residual gains from any sale at the end of the holding period. This method consists of discounting to present value of the flows generated by the asset and adding in the present exit value of the assets in the last year.

In the case of an asset that is under development meeting the IAS 40 standard and subject to an appraisal, Covivio integrates a disbursement for future works in its cash flow.

1.9.1.3. Unit value comparison method

This method consists in referring to the sale prices found on the market for equivalent assets. The comparison factors used derive specifically from internal databases in which each reference is analysed, classified by situation and by category, and expressed in gross surface units or weighted surface units.

It is more a method of cross-checking the two methods described above, than a principal method.

1.9.2. Appraiser remuneration at Covivio level

Appraisers (€ – 100% – excl. VAT)	2019 Total	(%)
CBRE	778,715	40%
Cushman & Wakefield	317,170	16%
BNPP Real Estate	268,950	14%
JLL	117,250	6%
HVS	112,623	6%
CFE	107,580	6%
REAG	94,000	5%
Christie & Co	90,300	5%
VIF	49,375	3%
MKG	7,700	0%
TOTAL	1,943,663	100%

(1) Excluding residential portfolio.

1.9.3. Abridged experts' report on the appraisal at the end of 2019 of the France Offices and the German residential portfolios

1.9.3.1. General background on the appraisals

1.9.3.1.1. General framework

Covivio requested, under the terms of appraisal contracts, that appraisals of the fair value of their portfolio assets be completed as part of the half-year valuation of the portfolio. These appraisals were conducted with complete independence.

The appraisal companies Cushman & Wakefield, CBRE Valuation, BNP Paribas Real Estate Valuation, JLL Expertises and VIF Expertise have no capital ties with Covivio and certify that the appraisals were performed by, and under the responsibility of qualified appraisers.

The annual fees billed to Covivio are determined before the appraisal. They account for less than 10% of the revenues of each appraisal company. The rotation of the appraisers is organised by Covivio. We have not identified any conflict of interest in this appraisal.

The assignment is in compliance with the AMF recommendation concerning the presentation of the real estate asset valuation for listed companies published on 8 February 2010.

Covivio Immobilien SE requested, under the terms of appraisal contracts or amendments, that BNP Paribas Real Estate appraise the fair value of the assets in its German portfolio. This request was part of the half-year valuation of its portfolio. The annual fees billed to Covivio Immobilien SE are determined before the appraisal. They account for less than 10% of the revenues of each appraisal company. The rotation of the appraisers is organised by Covivio Immobilien SE.

1.9.3.1.2. Current appraisal

For France Offices, the appraisal focused on the fair value of the 222 assets in the portfolio. For this assignment, Covivio requested initial appraisals or updates based on documentation when the assets were first appraised less than five years ago.

The assignment was to estimate the fair value with the occupancy rate announced at 31 December 2019.

The appraised assets are located in the national territory. These are investment assets that are either fully owned or under construction lease by Covivio. The assets in the various portfolios are leased to various tenants under commercial lease arrangements with (or without) firm 3-year, 6-year, 9-year or 12-year leases or exceptional leases.

It should be noted here that, when the Company is the tenant under the terms of a financial lease, the appraiser values only the assets underlying the contract, and not the financial lease contract itself. In the same way, when a real estate asset is held by a special purpose entity, its value was estimated on the assumption of the sale of the underlying real estate asset, and not the sale of the company.

In German Residential, the appraisers were tasked with assessing the fair value of 40,028 assets. For this assignment, Immeo SE asked the appraisers to carry out initial appraisals or updates

based on documentation when the assets were first appraised less than five years ago. The appraisers' assignment was to estimate the fair value with the occupancy rate announced at 31 December 2019. The assets appraised are located in Germany. They are primarily assets that are wholly owned by Immeo SE or by its subsidiaries. They largely consist of residential assets. The assets are rented to many tenants, mainly under residential leases.

1.9.3.2. Conditions of performance

1.9.3.2.1. Documents examined

This assignment was conducted on the basis of the documents and information provided, all of this information being assumed to be accurate and to represent all of the information and documents in the possession of, or known to, the principal, which could have an impact on the fair value of the portfolio. Accordingly, title deeds and zoning certificates are not examined.

In German Residential, the appraisal work described above was done based on the documentation and information provided to the appraisers in October 2019.

1.9.3.2.2. Standards

The appraisals and valuations were completed in accordance with:

- the recommendations of the Barthès de Ruyter report on the valuation of real estate portfolios of listed/publicly traded companies, published in February 2000
- the Charter for Expert Appraisal in Real Estate Valuation
- the principles enshrined in the Code of Ethics for Listed Real Estate Investment Companies (SIIICs) and by the Royal Institution of Chartered Surveyors RED BOOK 2014
- the International Valuation Standards promoted by the International Valuation Standards Council (IVSC)
- the IAS/IFRS 40 and IFRS 13⁽¹⁾ standards.

In addition, following the foregoing standard, a classification of the fair value of the assets held by the Company was performed. In order to increase the consistency and comparability of fair value appraisals and the related information to be provided, IFRS 13 outlines a hierarchy that it ranks according to three levels of importance of the inputs of the valuation techniques used to determine the fair value.

This hierarchy ranks listed prices (unadjusted) on active markets for identical assets or liabilities (level 1 input) at the highest level, and unobservable inputs (level 3 inputs) at the lowest level.

The fair value obtained is classified overall at the same hierarchical level as the lowest level of input that is significant for determining its overall fair value. Any significant appreciation of an input determined for the overall fair value requires the exercise of judgement and takes into account factors specific to the asset or the liability.

(1) In accordance with IFRS 13 applicable at the latest to periods starting as of 1 January 2013, the assets held by Covivio in France and in Germany were appraised at their fair value, which corresponds to the "price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date".

1.9.3.2.3. Methodology used

For the investment assets making up the various portfolios, the appraisers used the discounted cash flow method and the yield method (capitalisation of revenues), with cross-checking by direct comparison.

In German Residential, for the assets making up the various portfolios, *i.e.* investment assets, we used the discounted cash flow method.

1.9.3.3. Overview of the valuation of the Offices asset portfolio at year-end 2019

At consolidated level, Covivio had 227 office property assets at end-2019 191 assets were recorded at their appraisal value, seven assets were recorded at their preliminary sale agreement value.

Offices	Paris	Île-de-France – Other	Regions	Total	Total (%)
	Fair value 100%	Fair value 100%	Fair value 100%	Fair value 100%	
BNPP Real Estate	743,970,000	702,150,000	296,355,000	1,742,475,000	25%
Cushman & Wakefield	843,500,000	1,605,382,341	478,502,000	2,927,384,341	42%
CBRE	720,673,350	737,680,000	164,862,000	1,623,215,350	23%
JLL	42,760,000	134,040,000	51,690,000	228,490,000	3%
VIF	131,000,000	19,240,000	90,960,000	241,200,000	3%
TOTAL PORTFOLIO APPRAISED	2,481,903,350	3,198,492,341	1,082,369,000	6,762,764,691	97%
Assets under preliminary sale agreements	0	25,859,514	10,210,000	36,069,514	1%
Assets measured internally	76,055,278	18,601,118	88,400,000	183,056,396	3%
TOTAL PORTFOLIO	2,557,958,628	3,242,952,973	1,180,979,000	6,981,890,601	100%

1.9.3.3.1. Summary by appraisers

Appraisers	Number of assets	Fair value 100% excluding duties	Fair value Group Share excluding duties
BNPP Real Estate	31	1,742,475,000	1,209,299,550
Cushman & Wakefield	65	2,927,384,341	2,546,835,978
CBRE	44	1,623,215,350	1,419,349,553
JLL	28	228,490,000	228,490,000
VIF	23	241,200,000	241,200,000
TOTAL PORTFOLIO	191	6,762,764,691	5,645,175,081

1.9.3.3.2. General comments

These values are understood as being based on the market remaining stable and no significant changes occurring to the assets between the appraisal date and the value date.

This abridged report cannot be taken separately from all the work performed as part of the appraisals, especially the summarized or detailed reports associated with them.

Each of the five appraisers confirms the values of the assets where they themselves performed the appraisal or update, without assuming responsibility for those performed by the other appraisal companies.

1.9.3.4. Summary of the valuation of the residential asset portfolio at the end of 2019

	Appraised value	Fair value	Total (%)
Berlin	3,758,650,000	3,816,482,234	59%
Dresde & Leipzig	572,710,000	593,033,291	9%
Hamburg	453,660,000	453,660,000	7%
North Rhine-Westphalia	1,637,765,400	1,655,039,674	26%
TOTAL	6,422,785,400	6,518,215,199	100%

The difference between the value provided by the appraisers and the fair value results from the impact of sales and preliminary sales agreements as well as acquisitions completed.

1.9.3.4.1. Summary by appraisers

Appraisers	Number of units	Valuation 100% excluding duties	Fair value 100% excluding duties	Fair value Group Share excluding duties
CBRE	41,317	6,422,785,400	6,518,215,199	4,228,950,089

BNP Paribas Real Estate appraised 41,317 units owned by Covivio Immobilien SE including 39,672 housing units.

1.9.3.4.2. General comments

The values presented by the appraisers are understood as being based on the market remaining stable and no significant changes occurring to the assets between the appraisal date and the value date.

1.10. PORTFOLIO LIST

1.10.1. France Offices

■ Synthesis

Area	Surface 100% (m²)
Operating assets*	936,860
Paris	243,872
Western Crescent	186,364
Inner rim	267,241
Major regional cities	239,383
• Lyon	40,684
• Bordeaux	48,453
• Marseille	32,903
• Lille	20,392
• Montpellier	58,231
• Nantes	17,670
• Toulouse	15,764
• Metz (Covivio headquarters)	5,286
Development projects	379,797
Non-core assets	326,830

■ **List of Core assets and development projects: 96% of the France Offices portfolio**

Name	% of Ownership	Address	Zip Code	City/Region	Surface 100%
Operating Assets					926,003
Paris/Gutenberg 1 ^{er}	100%	55/57 rue J.J. Rousseau	75001	Paris	5,133
Paris/Littre 6 ^e	100%	37 rue Du Cherche Midi	75006	Paris	3,510
Paris/Laborde	100%	11 R Édimbourg	75008	Paris	6,191
Paris/Percier	100%	5/7 avenue Percier	75008	Paris	7,876
Paris/The Line	100%	11 avenue Delcasse	75008	Paris	4,842
Paris/Anjou	100%	11/15 rue D'anjou	75008	Paris	10,067
Paris/Provence 9 ^e	100%	15/17 rue Poissonnière	75009	Paris	7,346
Paris/Jemmapes	100%	103/107 Bd Villette	75010	Paris	9,158
Paris/Philippe Auguste 11 ^e	100%	42/46 avenue Philippe Auguste	75011	Paris	13,921
Paris/Voltaire 11 ^e	100%	6/10 Pas St-Pierre Amelot	75011	Paris	9,947
Paris/Art&Co	100%	15/17 rue Traversière	75012	Paris	13,584
Paris/Bobillot 13 ^e	100%	95/97 rue Bobillot	75013	Paris	3,652
Paris/Raspail 14 ^e	100%	12 Bis À 16 rue Campagne Première	75014	Paris	14,107
Paris/Keller 15 ^e	100%	6 rue Robert Keller	75015	Paris	3,387
Paris/Le Ponant	100%	19 rue Leblanc	75015	Paris	4,650
Paris/Carré Suffren	60%	8/12 rue Du Capitaine Scott	75015	Paris	24,861
Paris/Steel	100%	29 rue Des Sablons	75016	Paris	3,681
Paris/Carnot	100%	23 rue Médéric	75017	Paris	11,912
Paris/Maillot 17 ^e	100%	18 rue Gustave Charpentier	75017	Paris	9,754
Paris/Montmartre	100%	114 rue Marcadet	75018	Paris	5,926
Paris/Cap 18	100%	189 rue D'Aubervilliers – 73 rue De L'évangile	75018	Paris	65,875
Paris/Ménilmontant	100%	26 rue Sorbier	75020	Paris	4,493
Total Paris					243,872
La Defense/Cb21	75%	16 Place De L'Iris	92400	Courbevoie	68,075
Boulogne/Grenier	100%	32 avenue P. Grenier	92100	Boulogne-Billancourt	7,759
Boulogne/Molitor	100%	25 Bis avenue André Morizet	92100	Boulogne-Billancourt	4,434
Issy-les-Moulineaux/Atlantis	100%	11 rue Camille Desmoulins	92130	Issy-Les-Moulineaux	11,461
Issy-les-Moulineaux/Edo	100%	3 Allée De Grenelle	92130	Issy-Les-Moulineaux	10,889
Levallois-Perret/Thais	100%	25/27/29 rue Anatole France	92300	Levallois-Perret	5,546
Levallois-Perret/Pereire	100%	37 À 43 rue Pierre Brossolette	92300	Levallois-Perret	8,156
Rueil/Degremont	100%	183 avenue du 18 Juin 1940	92500	Rueil-Malmaison	14,213
Rueil/Lesseps	100%	1 Cours de Ferdinand De Lesseps	92500	Rueil-Malmaison	40,603
Nanterre/Respiro	100%	83 rue Henri Barbusse	92000	Nanterre	11,172
Nanterre/Rousseau	100%	40 rue J.J. Rousseau	92000	Nanterre	4,056
Total Western Crescent & La Defense					186,364
Saint-Ouen/Victor Hugo	100%	69-73 Boulevard Victor Hugo	93400	St-Ouen	14,887
Saint-Denis/Pleyel	100%	171-175 boulevard Anatole France	93200	Saint-Denis	11,645
Charenton/Liberté	100%	8 avenue Winston Churchill	94220	Charenton-Le-Pont	26,590
Fontenay-sous-Bois/Le Floria	100%	18 avenue Des Olympiades	94120	Fontenay-Sous-Bois	9,175
Vélizy/Dassault Campus	50%	10/12 rue Latécoère	78140	Vélizy-Villacoublay	69,395
Vélizy/Campus Eiffage	50%	Place De L'europe	78140	Vélizy-Villacoublay	33,270
Vélizy/New Vélizy	50%	10/12 rue Latécoère	78140	Vélizy-Villacoublay	46,751
Vélizy/Thales Ted	100%	2/8 rue Latécoère	78140	Vélizy-Villacoublay	36,665
Cœur D'Orly/Askia	50%	Bat 3 "Askia"	94310	Orly	18,863
Total Inner Rim					267,241
Lyon/Silex 1	50%	15 rue Des Cuirassiers	69003	Lyon	10,746
Lyon/288	100%	288 rue Duguesclin	69006	Lyon	12,851
Lyon/Sévigé 3 ^e	100%	1 rue Duphot – 36 rue Mazenod	69003	Lyon	4,534

Name	% of Ownership	Address	Zip Code	City/Region	Surface 100%
Villeurbanne/Le Patio	100%	35/37 R. Louis Guérin	69100	Lyon	12,553
Bordeaux/Cité Numérique	100%	406 Boulevard Jean-Jacques Bosc	33130	Bordeaux	18,416
Bordeaux/Quai 8.2	35%	Zac Saint Jean Belcier	33000	Bordeaux	30,037
Marseille/Euromed	50%	Bld De Dunkerque Et Du Littoral – Place Méditerranée	13002	Marseille	32,903
Montpellier/Majoria	100%	Parc De La Pompignagne rue De Pinville	34000	Montpellier	45,833
Montpellier/Trencavel	100%	196 rue Raymond Trencavel	34000	Montpellier	9,462
Grabels/Dual Center	100%	Grabels	34000	Montpellier	2,936
Lezennes/Helios	100%	rue De L'épine, Rd 952	59260	Lille	9,191
Villeneuve-D'ascq/Flers	100%	2 Ch De La Mare	59650	Lille	11,201
Toulouse/Marquette	100%	22 Bd De La Marquette	31000	Toulouse	4,410
Toulouse/Riverside	100%	22 Bd De La Marquette	31000	Toulouse	11,354
Nantes/Gloriette	100%	6 8 rue Gaston Veil	44000	Nantes	4,489
Nantes/Tanneurs	100%	10 Bis Av Des Tanneurs	44000	Nantes	13,181
Metz/Le Divo (Covivio headquarters)	100%	18-20 avenue François Mitterrand	57000	Metz	5,286
Total Major Regional Cities					239,483
Development projects⁽¹⁾					379,797
Paris/Gobelins 5*	100%	40 Bd Port Royal	75005	Paris	4,360
Paris/Jean Goujon	100%	19/21 rue Jean Goujon	75008	Paris	8,460
Paris/So Pop	50%	6 rue Fructidor	75017	Paris	31,000
Paris/N2 Batignolles	50%	ZAC Clichy Batignolles	75017	Paris	15,900
Levallois/ALIS	100%	47 rue Baudin	92300	Levallois-Perret	20,500
Montrouge/Flow	100%	58/60 avenue De La Marne/ 165/173 avenue Pierre Brossolette	92120	Montrouge	23,500
Châtillon/IRO	100%	82-90 rue Pierre Sépard	92320	Châtillon	25,070
DS Extension 2023	50%	10/12 rue Latécoère	78140	Vélizy-Villacoublay	27,550
Meudon/Ducasse	100%	16 A 20 rue Du Maréchal Juin	92360	Meudon-La-Forêt	5,100
Cœur D'Orly/Belaia	50%	Cœur D'orly	94310	Orly	22,600
Lyon/Silex 2	50%	9 rue Des Cuirassiers	69003	Lyon	30,900
Montpellier/Orange	100%	Parc De La Pompignagne – rue De Pinville	34000	Montpellier	16,500
Montpellier/Bâtiment de services	100%	Parc De La Pompignagne – rue De Pinville	34000	Montpellier	6,300
Total Committed projects					237,740
Meudon/Opale	100%	23-25 avenue Morane Saulnier/ 22-24 avenue Maréchal Juin	92360	Meudon-La-Forêt	37,000
Lyon/Silex3	100%	Rue des cuirassiers	69000	Lyon	n.a
Bordeaux/Terres neuves	100%	406 Boulevard Jean-Jacques Bosc	33130	Bordeaux	10,000
Meudon Canopée	100%	16-20 rue du Maréchal Juin	92360	Meudon-La-Forêt	53,483
Montpellier/Foncier Pompignane	100%	Parc De La Pompignagne – rue De Pinville	34000	Montpellier	41,350
Total Managed projects					142,057

(1) Excluding the project Bordeaux/Jardins de l'Ars (19,200 m²), committed in 2019 for which the land will be acquired in 2020.

1.10.2 Italy Offices

List of Core assets and development projects in Milan: 72% of the Italy Offices portfolio

Synthesis

Area	Surface 100% (m²)
Operating assets	402,883
• CBD & Porta Nuova	139,240
• Centre	10,108
• Semi-Centre	87,655
• Periphery	165,880
Development projects	153,039
TOTAL MILAN	529,190
<i>Assets outside Milan</i>	<i>981,781</i>

Assets list

Name/Address	% of ownership	Area	Surface 100% (m²)
Operating assets			402,883
PIAZZA S. FEDELE 2	100%	QCA	5,074
PIAZZA SAN FEDELE 4	100%	QCA	3,426
VIA AMEDEI 8	100%	QCA	6,550
VIA CORNAGGIA 6	100%	QCA	10,753
VIA DANTE 7 (Ground-floor retail)	100%	QCA	2,048
CORSO ITALIA 19	100%	QCA	12,058
PIAZZA SAN FEDELE 4	100%	QCA	3,426
VIA MERCATO 3	100%	QCA	436
LARGO PAOLO GRASSI 1	100%	QCA	2,500
PIAZZA DUCA D'AOSTA 8	100%	QCA	497
CORSO MONFORTE 17	51%	QCA	3,415
Torre Garibaldi (Piazza Sigmund Freud)	100%	Porta-Nuova	44,650
VIA MARCORA 12	100%	Porta-Nuova	345
VIA CERNIAIA 8	100%	Porta-Nuova	7,498
VIA PRINCIPE AMEDEO 5	100%	Porta-Nuova	6,549
VIA TONALE 11	51%	Porta-Nuova	19,202
VIA PARINI 6	51%	Porta-Nuova	7,082
Total CBD & Porta Nuova			139,240
CORSO MAGENTA 63	100%	Centre	946
CORSO MAGENTA 59	100%	Centre	5,712
PIAZZA SAN PIETRO IN GESSATE 2	100%	Centre	3,450
Total Centre			10,108
SYMBOSIS AB/Piazza Adriano Olivetti, 1	100%	Semi-Centre	24,869
VIA VITTORIA COLONNA 4	100%	Semi-Centre	3,750
VIA MESSINA 38	100%	Semi-Centre	24,056
VIA BERNINA 7	100%	Semi-Centre	12,347
VIA MAROSTICA 1	100%	Semi-Centre	9,296
VIA ARESE 5/7	100%	Semi-Centre	559
VIA BRENTA 3	100%	Semi-Centre	468
VIA PLINIO 48	100%	Semi-Centre	318
VIA MANTEGNA 11	51%	Semi-Centre	5,978
VIA CESARE BALBO 8	51%	Semi-Centre	6,014

Name/Address	% of ownership	Area	Surface 100% (m²)
TOTAL Semi-Centre			87,655
PIAZZA MONTE TITANO 10	100%	CBD	12,198
VIA ROMBON 11	100%	CBD	7,064
VIA LORENTEGGIO 266	100%	CBD	31,942
VIA ERITREA 48/8	100%	CBD	2,514
VIA ANGELO SCARSELLINI 14	100%	CBD	18,430
VIALE DELL'INNOVAZIONE	100%	CBD	23,018
VIA MARCO AURELIO 24-26	51%	CBD	61,400
VIA FOLLI 17	51%	CBD	4,807
VIA CASCINA BELLARIA 4	51%	CBD	4,507
Total Periphery			165,880
Milan – Development projects⁽¹⁾			153,039
VIA DANTE 7 (Offices)	100%	QCA	4,693
VIA DELL'UNIONE	100%	QCA	4,177
PIAZZA DUCA D'AOSTA	100%	QCA	2,515
THE SIGN/VIA SCHIEVANO ENRICO 7	100%	Semi-Centre	26,196
SYMBIOSIS SCHOOL/VIA ADAMELLO	100%	Semi-Centre	7,941
SYMBIOSIS D/VIA ADAMELLO	100%	Semi-Centre	18,638
Total committed projects			64,160
THE SIGN – BÂTIMENT D	100%	Semi-Centre	11,379
SYMBIOSIS – AUTRES BÂTIMENTS/VIA ADAMELLO	100%	Semi-Centre	77,500
Total managed projects			88,879

(1) Excluding project Vitae, committed in 2019 for which the land will be acquired in 2020.

1.10.3 German Residential

Number of units in Berlin by postal code: 59% of the German Residential portfolio in Group Share value

■ Synthesis

Area	Number of units
Berlin	17,034
Dresde	3,625
Leipzig	1,594
Hamburg	2,366
North Rhine-Westphalia	16,698
• Essen	5,619
• Duisburg	3,165
• Mülheim	2,180
• Oberhausen	1,962
• Other cities	3,772
TOTAL	41,317

■ **Number of units by zip code in Berlin**

Zip code	Number of units
Berlin	17,034
10115	82
10117	26
10119	31
10178	142
10243	141
10245	217
10247	248
10249	60
10317	268
10365	34
10405	294
10409	87
10435	40
10437	368
10439	81
10551	122
10553	166
10555	39
10557	350
10559	108
10585	72
10587	75
10589	88
10623	7
10625	69
10627	21
10629	43
10707	64
10709	248
10711	47
10713	68
10715	39
10717	45
10719	51
10777	100
10779	32
10781	22
10783	42
10785	172
10789	333
10823	76
10825	17
10827	94
10829	172
10961	113
10963	25
10965	174
10967	205
10969	15

Zip code	Number of units
10997	227
10999	219
12043	240
12045	139
12047	336
12049	475
12051	418
12053	313
12055	263
12059	338
12099	106
12103	4
12105	129
12107	151
12109	185
12157	84
12159	84
12161	164
12163	198
12165	25
12167	435
12169	115
12203	44
12205	12
12207	93
12209	13
12247	115
12249	535
12277	139
12307	11
12347	42
12351	371
12355	30
12435	10
12439	25
12459	321
12487	64
12489	40
12529	54
12555	158
12557	8
12559	11
12623	28
12683	205
13086	833
13088	37
13089	8
13156	57
13158	11
13187	84
13189	38

Zip code	Number of units
13347	432
13349	158
13351	225
13353	462
13355	29
13357	369
13359	217
13403	158
13407	57
13409	189
13465	5
13467	8
13469	32
13503	5
13507	43
13509	34
13581	25
13583	244
13585	267

Zip code	Number of units
13587	25
13591	49
13595	106
13597	59
13599	20
13629	60
14052	30
14059	29
14109	12
14163	12
14165	9
14167	18
14193	17
14195	20
14467	7
14471	17
14473	67

1.10.4 Hotels in Europe

A list of Hotel assets is available in the Covivio Hotels Universal Reference Document.

1.11. RISK FACTORS, INTERNAL CONTROL AND RISK MANAGEMENT

1.11.1. Risk factors

Company-specific risks, the occurrence of which could have a significant impact on the Company's financial position or results, are presented below. However, investors should be aware that other risks, likely to have a significant adverse impact may exist, even though they have not yet been identified or their occurrence had not been considered plausible on the date hereof. In addition, since Covivio holds a significant stake in the Covivio Hotels public company, readers are invited to read the section of the Company's Universal Registration Document (URD) dedicated to risk factors. Certain specificities concerning the risks relating to the German residential property portfolio held by Covivio Immobilien (62%-held Covivio subsidiary) are outlined below.

In 2019, Covivio updated its risk mapping at Group level, in which all of its subsidiaries and businesses were included, to take into

account changes in its businesses and the context. The results were presented to, and shared with the Covivio Audit Committee in September 2019, and then with the Board of Directors in October 2019. The presentation highlighted the major risks and the action plans to be put in place or strengthened in order to improve their management, and provided an update on the improvement to the level of risk management for which specific action plans had previously been defined and put in place.

The tables below list by category only the most significant specific risks that Covivio could face. For each category, a more detailed description of the risks is provided by order of importance based on the likelihood of their occurrence and the estimated magnitude of their impact.

1.11.1.1. Risks linked to the environment in which Covivio operates

Risks	Control mechanism	Materiality
RISKS LINKED TO THE ENVIRONMENT IN WHICH COVIVIO OPERATES		High
Risks linked to changes in the real estate market		
- Covivio's total assets at the end of 2019 (€25.7 billion) are essentially made up of the appraisal value of its properties, which amounted to €24 billion (i.e. more than 93%) at the end of 2019. Therefore, any decrease in the value of its properties has a direct impact on the balance sheet total. - The value of Covivio's asset portfolio is contingent upon the development of the real estate markets in which the Company operates. These may be subject to fluctuations, particularly with respect to rents and real-estate prices, depending on the balance between supply and demand and the economic situation. - Covivio may not always be in a position to carry out its leasing, disposal, and investment strategy at a favourable time or under favourable market conditions, and may be forced to defer these due to fluctuations in the real estate market. - Within the context of its development, the Group is faced with competition from numerous players at national and international level, which may have a better financial standing, and investment criteria that differ from those of Covivio. In Europe, the volume of real estate investment increased further in 2019 to reach €281 billion (+3% compared to the already historic peak of 2018). Notably owing to the presence of fast-growing foreign investors (+10%). - The Group's rental business is also subject to intense competitive pressure. Over the last few years, user consultancy companies have developed which take charge of negotiations and competitive bidding.	Covivio is committed to maintaining a solid rental base, with key account and long leases (occupancy rate of 98.3% at the end of 2019, firm residual duration of leases of 7.1 years). - The Group favours the development of real estate for key account, most of which is pre-let before launch or delivery (the pre-let ratio for projects to be delivered at the end of 2019 was a high 54%). - Covivio enhances the quality of its portfolio through the development of assets with excellent environmental performances (projects aiming for HQE Excellent, BREEAM Very good or LEED Gold certification). - Diversification of activities in terms of products and geography helps to reduce the impact of risk. - Covivio has implemented a long-term partnership policy, with a constant dynamic of project study monitored very early on by dedicated teams. - The professionalism of its teams and the solidity of the Group make Covivio a recognised leader in the markets in which it operates (Covivio is the leader or one of the leaders in each of its markets). - The Group has set up an Innovation Department and a Digital Department to anticipate and integrate these issues into the core of its strategy. For example, Covivio has developed an offer that is adapted for co-working and co-living, which provides occupants not only with a place to live and work, but also with a full range of dedicated services to ensure an advantageous competitive positioning.	
Risks related to the economic environment and political instability		
In the event of a deterioration or instability of the economic context in Europe, Covivio could suffer a drop in demand for its corporate real estate projects, and a fall in occupancy rates and rental income, which, in turn, could cause a decline in the value of its asset portfolio. As was the case, for example, in Barcelona, Spain, where the political instability of 2017 weighed on the performance of hotel real estate indicators in the short term.	The risk reduction measures put in place by Covivio consist in: - the diversification of its activities in terms of products and geography - the quality of its partnerships and tenants - the long residual term leases (7.1-year firm term at the end of 2019) - prudential rules applied to development operations (monitoring the pre-marketing ratio on assets under development, limitation of own funds exposed to vacancy risk, etc.).	

1.11.1.2. Risks related to information systems and cyber-crime

Risks	Control mechanism	Materiality
RISKS RELATED TO INFORMATION SYSTEMS AND CYBER-CRIME		High
• The amounts of cash flow that the Company may be required to disburse, in particular during disposals and acquisitions, expose Covivio more particularly to the risk of cyber-attacks and attempted fraud through clever engineering that could lead to extortion, theft, data loss or business interruption. Over the last two years, Covivio has seen an increase in attempted fraud through clever engineering and phishing attacks, but to date the Company has not suffered any financial damage. • Given its residential business in Germany (more than 45,000 individual tenants) and also its status as a hotel operator through its subsidiary Covivio Hotels, the Company is particularly concerned about the management of its customers' personal, confidential and banking data. • Interruptions, violations or faulty information systems could entail, in addition to significant damage to computer hardware, an image risk and financial consequences that are likely to be high, such as expenses incurred to restore the information system, reconstitute data, expert and legal fees, etc.	The measures put in place to reduce this risk are described in detail in paragraph 1.11.4.2 "Performance and secure Information Systems": • contingency plan • business continuity plan • intrusion tests • training in and awareness-raising to cyber risks • cyber risk mapping • cyber insurance policy. Covivio has also appointed Data Protection Officers in France, Germany and Italy to ensure the protection of personal data processed within the Group (see Section 2.6.3.1 of this document).	

1.11.1.3. Risks related to changes in regulations

Risks	Control mechanism	Materiality
RISKS RELATED TO CHANGES IN REGULATIONS		Strong
Risks related to trends in real estate regulations		
- Changes in commercial or residential lease regulations, especially with respect to duration, rent indexation and caps, could adversely impact the valuation of Covivio's assets, results, business activity or financial position. For example, in order to limit the sharp rise in rents in recent years, the City of Berlin passed a law in February 2020 providing in particular for a freeze on rents in the city for five years. The impact for Covivio amounts to 1% of rental revenues. - Covivio benefits, for some of its activities, from the SIIC regime (for real estate investment companies). As a consequence of this tax relief plan, the Company is required to distribute most of its profits, and its shareholders are subsequently taxed. Furthermore, SIICs must be listed companies and not be 60% or more owned by a majority shareholder, alone or acting in concert, and the REITs activities (SIIC activities) must account for more than 80% of its business. Any changes in tax regulations (taxation, taxes) could have an adverse impact on the financial results. - A regulatory watch is in place to anticipate and analyse these risks, in a constantly evolving regulatory context. - In Germany, leases are subject to local regulations. Increase in rents are regulated and limited by the level of rents for comparable dwellings in neighbouring vicinities. This level is fixed by each city which publishes a breakdown of rents charged by location, year of construction, state of the property and level of housing equipment. Local teams specialised in residential property portfolio management monitor the application of these regulations. As a result of Covivio's diversified geographical presence, particularly in Germany, it is possible to limit exposure by city. Covivio's residential assets in Berlin represent 9% of Covivio's total income. - The ever-changing environment related to fiscal regulations requires that Covivio implement a constant and particularly rigorous monitoring system.		
Risks of fraud and corruption (more fully described in 2.6.1)		
- Covivio Group has more than 1,000 employees in Europe and generates consolidated revenues >. It is therefore subject to the Sapin 2 regulations to fight against fraud and corruption. This new regulation may therefore lead to heavy penalties if Covivio does not fully meet the compliance requirements for the implementation of an anti-corruption mechanism. - The fraud and corruption risk mapping carried out within the Group made it possible to identify the sectors and activities most exposed. The use of intermediaries for sales activities or acquisitions may expose the company to the risk of passive corruption. - Risks of fraud and corruption could have financial and reputational repercussions for Covivio. - Covivio trains all employees in the risks of fraud, malice and corruption (see Section 2.6.2.2). - Covivio has implemented secure payment processes and the monitoring of management procedures. - The appointment of a Compliance Officer in charge of compliance with regulations related to fraud and corruption (see Section 2.6.2.2) protects the Company. - Covivio deploys the eight corruption-risk prevention measures defined by the Sapin 2 Law in all of its companies. In addition to implementing a Code of Conduct [1], a disciplinary regime [2], dedicated training plans [3], a corruption risk mapping [4] and an internal alert system [5], Covivio pays particular attention to the probity of its main clients and suppliers, by conducting probity investigations [7] and by setting up a specific accounting reporting system to detect the main risks of fraud and corruption identified [7].		
Risks relating to environmental safety/security/regulatory compliance (more fully described in 2.3.3)		
- Trends in environmental regulations applicable to Covivio in its capacity as real estate owner and property manager could lead to an increase in expenses which, in turn, would impact Group results. - Given the nature of its activity Covivio is exposed to health risks (asbestos, legionella) and environmental risks (particularly soil and subsoil pollution), that could notably damage the image and reputation of the Group. These risks may incur significant remediation costs and lengthy additional delays associated with the search for and removal of toxic substances or materials when undertaking development or asset-renovation projects and lead to the civil and, potentially, the criminal liability of the Company. - In early 2020, the Coronavirus epidemic started developing in Europe. - As a reminder, 80% of our revenues in 2019 consisted of fixed rents in Offices and Residential: 57% from Offices in France, Italy and Germany, leased essentially to large corporates such as Orange, Suez, Vinci, Dassault Systèmes, Thalès, Telecom Italia, etc. 23% from Residential buildings in Germany. - Regarding the Hotel activity, which represented 18% of our revenues in 2019, the variable portion is directly impacted by the pandemic. This variable part represented 9% of our revenues in 2019 and mainly comprises hotels leased to Accor in France (5%) and operating hotel properties in France and Germany (4%). Since the beginning of the year (as of 15 March 2020), the RevPar performance of the operating hotel properties has decreased by around 11%. The fixed revenues comprise essentially long-term leases in partnership with solid counterparties, such as InterContinental, NH Hotels, B&B, etc.		Strong
- Covivio's Department of Sustainable Development is responsible for tracking any changes in environmental regulations. It manages and disseminates any information required by Covivio's teams to implement objectives and associated action plans needed to anticipate future regulations. - Regarding the prevention of health and environmental risks, the environmental unit of the Real Estate Engineering Department in charge of these risks applies a strict policy, in particular by monitoring environmental diagnostics (lead, asbestos, soil pollution) with its expert partner Provexi, the monitoring of safety commissions for the Group's hotels and high-rise buildings, the monitoring of environmental performance certifications for assets (HQE Exploitation, Bream In Use) as well as new certifications for the well-being and connectivity of buildings. - Finally, Covivio removes cooling towers likely to lead to a risk of Legionnaire's disease or limits those deemed necessary and whose operation is then specifically monitored. - The health and safety measures recommended by the government were relayed within the teams late February 2020.		

1.11.1.4. Risks linked to Covivio's real estate assets

Risks

RISKS LINKED TO COVIVIO'S REAL ESTATE ASSETS

Control mechanism

Materiality

Risks linked to asset valuation

Covivio recognises its investment properties at fair value in accordance with the option offered by IAS 40.

- It is therefore subject to the risk of a change in the appraised value of an asset, which could happen if there is an adjustment in the assumptions used (yield rate, rental value, occupancy rate), and would probably negatively impact the value of the asset.
- The rapid development of new ways of working in companies could lead to asset obsolescence and deterioration in the Group's operational indicators.
- The absence of certification or an unattractive location of the buildings can lead to a loss of attractiveness of the portfolio or to additional costs for works to be carried out.
- For information purposes, the table below shows the sensitivity of the valuation of the assets to the yield rates (corresponding to the Rent/Appraised Value of assets excluding duties):

€million	Yield ⁽²⁾	Change in asset value	
		Yield rate +50 bps	Yield rate -50 bps
France Offices ⁽¹⁾	5.1%	545	-448.1
Italy Offices	5.6%	325	-271
Hotels in Europe ⁽¹⁾	5.3%	535	-438.2
German Residential	4.0%	906	-706.5
TOTAL	4.9%	2,310	-1,863.8

(1) Including assets held by equity affiliates, excl. operating property assets.

(2) (1) Including assets held by equity affiliates, excl. operating property assets.

The appraisal process is regularly audited under a review procedure. The Company has set very stringent rotation rules for the appraisers.

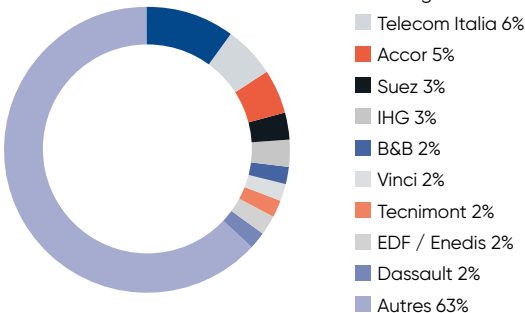
In addition, the constant improvement in the quality of Covivio's portfolio, as well as in the firm residual duration of leases ensures the resilience of the value of its assets during periods of crisis (84% of Covivio's office and hotel buildings had certification at the end of 2019).

An analysis of sensitivity of yield rate changes on asset valuations is given in Section 3.2.2.6 of this document. A summary of appraiser methodologies and work is presented in paragraph 19 of this document.

In addition, the Group has set up an Innovation Department and a Digital Department to anticipate and integrate these issues into the core of its strategy. For example, Covivio was able to develop a customised co-working and co-living solution that provides occupants, not only with a place to live and work, but also with a full range of dedicated services. This new offer participates in the renewal of Covivio's assets by integrating them into a dynamic of change linked to Innovation and Digitisation.

Risks linked to tenants

Covivio made a strategic decision to pursue rental partnerships with key accounts and large companies. As a result, certain tenants account for a significant portion of the Group's rental income, as shown in the graph below.



Orange	10%
Telecom Italia	6%
Accor	5%
Suez	3%
IHG	3%
B&B	2%
Vinci	2%
Tecnimont	2%
EDF / Enedis	2%
Dassault	2%
Autres	63%

The Group has undertaken to diversify its tenant portfolio. As such, for several years now, the weight of some key account tenants, such as Orange in France, Telecom Italia in Italy and Accor in the hotel segment, has decreased considerably. The share of the top three tenants in revenues has increased from 41% in 2014 to 21% at the end of 2019.

- The "Partnership Committees" allow the Company to monitor changes in the business activities of its partners more closely.
- Rental guarantees, rental deposits and recourse to an external service provider carrying out tenant financial strength studies allow the Company to forearm itself against the risk of insolvency of the latter.
- Bringing rental management back in house has boosted responsiveness to and proximity with tenants. Unpaid tenant rent (the unrecoverable losses/receivables item) accounted for only 0.6% of total rental income at the end of 2019.
- The majority of rent in the German Residential portfolio is paid by automatic transfer. A national register of payment defaults that can be consulted by lessors and financial institutions also ensures better management of the risk of tenant insolvency.

Covivio and its subsidiaries are also subject to the risk of deterioration in the financial health of their tenants, which may go as far as insolvency; a situation which would affect the Group's results. In 2019, the Company was faced with the default of one of its tenants (Sequana), which vacated 5,900 m² in Boulogne. The financial loss was minimised to 6 months' rent because the security deposit could be retained.

- Upon expiry of existing leases, the Company may not be in a position to renew them under equivalent terms or to lease the assets within a reasonable time frame, particularly due to economic and real estate market conditions.
- Covivio may not be able to maintain its occupancy rate and rental income.

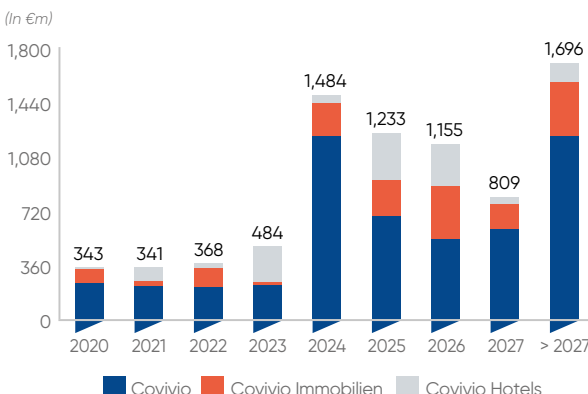
Maintaining a long firm residual duration of leases, staggering tenant outflow, and ongoing discussions with incumbent tenants enable Covivio to secure its long-term cash flow. Thus, at the end of 2019, the firm residual duration of leases was of 7.1 years.

Medium

1.11.1.5. Risks linked to Covivio's development

Risks	Control mechanism	Materiality
RISKS LINKED TO COVIVIO'S DEVELOPMENT		Medium
Risks linked to real estate asset development operations		
Covivio's share of development activities has increased considerably in recent years. Total development operations at end-2019 was of €8 billion (+48% in one year) of which €2.3 billion of committed projects. Covivio is therefore particularly exposed to the risks associated with the development of real estate assets, such as a lack of control over construction deadlines and budgets: • construction cost in excess of forecasts made prior to the project • construction period longer than estimated (technical difficulties or delay in execution due to failure to obtain administrative authorisations) which may result in a delay in the collection of rent, and, in some cases, the payment of penalties to the future tenant, or even the lapse of the lease if the delay goes beyond a pre-determined period • risk of marketing of assets • inability to secure financing at interesting in conditions.		
• Developments are submitted for the approval of the Executive Committee, the Strategic and Investment Committee and the Board of Directors, in line with the thresholds set by management. The risks, challenges and opportunities are then analysed in detail (the average occupancy rate for operations delivered since 2010 is 54% in the year following delivery). • The Group has implemented a procedure which specifies all of the studies to be carried out prior to the launch of any project, as well as the selection process for service providers and the monitoring of the period ranging from construction to the delivery of the asset and the market launch of "on spec" projects. • Commitments to meet delivery deadlines are made with construction companies, including penalties for late delivery. • In recent years, the development team made up of experts in their line of business has been strengthened to ensure a better management of projects. Specific audits on development transactions take place every year and to date, they have not revealed any significant issues. • Refer to the ratio of risky investment commitments.		
Acquisition risks		
• The volume of acquisitions over the last year has reached €897 million. • During such acquisitions, Covivio could overestimate the expected yield from such an operation, which would be realised at an excessively high price. • Covivio could acquire assets with hidden defects, particularly in terms of environmental compliance, or whose non-compliance is not covered by the guarantees obtained in the purchase contract.		
• Exhaustive due diligence analyses are conducted prior to each acquisition, with the assistance of external specialised consultants. These analyses are particularly intended to provide an understanding of the potential risks and to set up guarantees for Covivio as well as other precautions. • Acquisitions are submitted for the approval of the Executive Committee, the Strategic and Investment Committee and the Board of Directors, in line with the thresholds set by management. The risks, obstacles and opportunities are reviewed in detail during the validation procedure.		

1.11.1.6. Financial risks

Risks	Control mechanism	Materiality																																																		
FINANCIAL RISKS																																																				
Liquidity risk																																																				
- Covivio is at risk of experiencing a lack of liquidity if it fails to raise the necessary resources to finance its growth. - Covivio's debt at the end of 2019 amounted to €6.7 billion, the Company is therefore exposed to the risk of insufficient liquidity to service debt or refinance maturing debt. This could result in an acceleration or early repayment and, if the debt is collateralised, enforcement of the guarantee and, where applicable, seizure of assets.																																																				
(In €m) <table><thead><tr><th>Year</th><th>Covivio</th><th>Covivio Immobilien</th><th>Covivio Hotels</th><th>Total</th></tr></thead><tbody><tr><td>2020</td><td>343</td><td>0</td><td>0</td><td>343</td></tr><tr><td>2021</td><td>341</td><td>0</td><td>0</td><td>341</td></tr><tr><td>2022</td><td>368</td><td>0</td><td>0</td><td>368</td></tr><tr><td>2023</td><td>484</td><td>0</td><td>0</td><td>484</td></tr><tr><td>2024</td><td>1,484</td><td>0</td><td>0</td><td>1,484</td></tr><tr><td>2025</td><td>1,233</td><td>0</td><td>0</td><td>1,233</td></tr><tr><td>2026</td><td>1,155</td><td>0</td><td>0</td><td>1,155</td></tr><tr><td>2027</td><td>809</td><td>0</td><td>0</td><td>809</td></tr><tr><td>> 2027</td><td>1,696</td><td>0</td><td>0</td><td>1,696</td></tr></tbody></table>			Year	Covivio	Covivio Immobilien	Covivio Hotels	Total	2020	343	0	0	343	2021	341	0	0	341	2022	368	0	0	368	2023	484	0	0	484	2024	1,484	0	0	1,484	2025	1,233	0	0	1,233	2026	1,155	0	0	1,155	2027	809	0	0	809	> 2027	1,696	0	0	1,696
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- Covivio's policy of paying down debt, instituted several years ago, has minimised this risk. As such, the net debt to asset value ratio remained under control at 38.3% at the end of 2019, with an announced target of less than 40%. - These risks are managed by tracking multi-year cash management plans and, in the short term, by using confirmed and undrawn lines of credit. 18-month liquidity forecasts are analysed every month by the Finance Department and are submitted to General Management. - Covivio's Investment Grade BBB+, stable outlook rating from Standard & Poor's demonstrates that this risk is properly managed.																																																				
At the end of 2019, the most restrictive covenant on the level of debt is 60%. As a result, the company could see its assets decline by more than 30% before reaching this covenant. As regards the ICR (Interest Coverage Ratio) at the end of 2019, it is of 573% well above the covenant limit of 200%.																																																				
Interest rate risk																																																				
- The Group's use of debt, €6.7 billion at the end of 2019, exposes it to the risk of interest rate fluctuations that could lead to a significant increase in financial expenses if rates were to rise dramatically. - Higher financing costs would reduce Covivio's ability to finance its development. Covivio's current debt ratio remains low and stands at 1.55% at the end of 2019. An increase of 25bps in the Euribor 3-months would have an impact of 0.1% on the EPRA Earning of the group.																																																				
- The Group's companies use derivatives to hedge against their interest rate risk, primarily via cap and swap contracts. They carry out market transactions solely for the purpose of hedging their interest rate risk. - At the end of 2019, Covivio's debt is hedged at 84% over an average duration of coverage of 7.7 years. - Sensitivity to increases in the interest rate are described in paragraph 3.2.2.3 of Chapter 3.																																																				

1.11.1.7. Risks related to the failure to attract and retain talent

Risks	Control mechanism	Materiality
RISKS RELATED TO THE FAILURE TO ATTRACT AND RETAIN TALENT		
- Covivio is a company that relies on a limited number of teams (<1,000) in relation to its revenues and the value of its assets. A large number of departures could therefore have consequences in terms of organisation within the Group. - Furthermore, the real estate sector is growing strongly with increased competition. Covivio may have difficulty retaining and recruiting talent (especially young talent). This is all the more the case for teams in Germany, a country experiencing a historically low unemployment rate.		
Covivio is actively working on: - the development and improvement of employee working conditions, in particular with the teleworking implemented within the Company, the commitment barometer carried out every two years with employees, enabling Covivio to monitor their desires/intentions relating to various themes relating to the Company and to initiate action plans at Group level - the training plans offered to employees, the implementation of graduate programmes and the third retention plan in four years - the launch in 2019 of the employer brand with numerous communication campaigns on social networks and disseminated by ambassadors other than Covivio employees - the remuneration policy with rigorous monitoring to ensure that it is in line with the market. - the Company's turnover of 6.2% (M/F) in 2019 is the lowest in the last three years.		

1.11.1.8. Risks to image and reputation

Risks	Control mechanism	Materiality
RISKS TO IMAGE AND REPUTATION		Weak
- The growing increase in the use of social networks for the dissemination of information exposes the Company to image and reputation risk. This risk is all the more important given that the Group decided in 2018 to have a single brand. - Covivio has developed a co-working and co-living business over the last few years and is therefore in direct contact with customers (BtoB), as is also the case with the managed hotels under operation, and in Germany with its residential real estate portfolio. - The Covivio brand is a valuable asset for the Group. Any damage to the latter could have adverse competitive consequences.	- A monitoring system on social networks has been set up and allows possible points of vigilance to be followed and reported, whether positive or negative. - Employees working directly with customers strive to take into account all their opinions and recommendations and to process them quickly and efficiently. A crisis management system is in place and training and awareness-raising sessions are held on a regular basis.	

1.11.2. Insurance policy

1.11.2.1. General policy

Covivio has an insurance policy covering the Group's operating risks. The aim of this policy is to obtain complete cover on the insurance market appropriate to the activities carried out and the risks incurred by the Company. This cover is taken out with leading insurers, in line with the Group's risk management policy and is actively and dynamically managed by the Covivio Insurance Department. The main risks covered are property damage and acts of terrorism/terrorist attacks that could affect the Group's real estate portfolio, as well as civil liability that the Company could incur in the course of its activities as a real estate professional, property owner and manager, as a coworking services provider, and also in the context of construction and real estate development operations.

Covivio has also taken out an insurance policy against cyber-risks that supplements its insurance cover against the risks of fraud and computer abuse.

Following a call for tender for the implementation of new insurance programmes on 1 January 2019, Covivio has reviewed all the covers and financial conditions of its insurance programmes. Covivio's insurers are all top-tier insurers with good financial strength ratings.

1.11.2.2. Description of levels of cover

1.11.2.2.1. Insuring the real estate portfolio

The real estate portfolios are insured for their reconstruction value, with extended cover for "indirect losses" and "loss of rental income". The contractual cover limitations on the policies taken out are all adapted to the specific features and value of the insured portfolio. In addition, the Company receives advice and support from its insurers' engineering prevention services each year. Covivio makes every effort to comply with the recommendations of its insurers and thus maintain its assets in a constant state of safety with respect to fire hazards and insurability on the market.

For all of its real estate restructuring projects, Covivio systematically takes out the statutory building defects ("dommages-ouvrage") and non-builder developer ("constructeur non réalisateur") insurance covers, as well as the builder's all-risks ("tous risques chantier"), business interruption ("pertes d'exploitation") and contracting authority liability ("responsabilité civile maîtrise d'ouvrage") insurance covers on top of the Group's civil liability insurance where necessary.

1.11.2.2.2. Civil liability insurance

The financial consequences of any legal disputes arising from personal injury, damage to property and other types of damage suffered by third parties and attributable to misconduct in the performance of the Company's activities, or arising from its real estate portfolio and all the equipment pertaining thereto, are insured under a specific insurance programme which provides a high level of cover in line with the scope of the portfolio.

The personal civil liability of the corporate officers and de jure and de facto managers of the Company is covered to levels regularly reviewed and adjusted to ensure they are appropriate to the Group's financial importance and the nature of its activities.

1.11.2.2.3. Insurance – other risks

Covivio has taken out a specific insurance policy to protect its interests as well as those of its shareholders with regard to their exposure to financial risks resulting from acts of fraud or malfeasance, and of computer abuse. In response to the heightened cyber-risks, Covivio has also taken out an insurance policy with a first-rate insurer enabling it to benefit from all cover currently available on the insurance market against cyber-risks.

Furthermore, in case of events that might tarnish the image and reputation of Covivio, the Company has taken out insurance to finance the immediate intervention and the fees of a press relations firm specialised in crisis management. This financial solution is part of the plan established by Covivio in the event of its crisis response unit being activated.

1.11.2.2.4. Professional portfolio insurance (offices, IT, vehicles)

The professional portfolio, which includes the office buildings owned by the Company, as well as their contents and IT equipment, is insured by policies with extended cover for various events. More specifically, the dedicated IT policy includes cover for additional costs, tailored to the terms, conditions and specific features of the Company's Business Continuity Plan. The Company's vehicles are covered under a comprehensive "vehicle fleet" policy, while personal vehicles used by employees at certain times for the performance of their duties are covered by a policy for "vehicles used for work-related purposes".

1.11.3 Financial risks linked to climate change

Covivio's sustainable development strategy, in particular its most significant climate-related issues, are described in Chapter 2 of this Universal Reference Document (URD). Chapter 2 constitutes Covivio's Statement of Non-Financial Performance. This report meets the requirements of the Decree of 9 August 2017 implementing the Order of 19 July 2017 relating to the publication of non-financial information, as well as the provisions of Article 173 of the Energy Transition and Green Growth Act⁽¹⁾ and its Decree of 29 December 2015. This report provides details of the objectives and actions that place Covivio's low-carbon strategy in line with the "2°C or 1.5°C" target of the Paris Agreement of 2015 and with the climate reporting framework published by the Task Force on Climate-related Financial Disclosures (TCFD) (see 2.3).

Chapter 2 also contains information on how the Company takes the social and environmental consequences of its activity

into account and an analysis of the consequences of climate change on its activity and the use of the goods and services that it produces. Details for each business are provided on energy consumption and CO₂ emissions relating to building use and affected by changing climate conditions. This specific report also falls within the scope of the seventeen Sustainable Development Goals (SDGs) defined by the United Nations. Aligned with EPRA and SASB recommendations⁽²⁾, it is audited by an independent third party (2.8).

The financial risks inherent in the effects of climate change seem limited in the short term. They are currently undergoing specific, more extensive assessment work.

This information is also contained in Covivio's Annual Report on Sustainable Development. (www.covivio.eu)

1.11.4. Internal control, risk management and compliance

1.11.4.1. Objectives, scope and reference framework for internal control and risk management

1.11.4.1.1. Objective and limitations

To respond to the potential risks, including those outlined in paragraph 1.11, Covivio has implemented an internal control system in France, Germany and Italy adapted to its activity. This system also serves as a tool for steering the Group's activities by improving the efficiency of its teams and making reporting more reliable.

In particular, it seeks to ensure that:

- activities comply with laws, regulations and internal procedures
- management actions are consistent with the guidelines defined by the management bodies
- assets, in particular buildings, are adequately protected
- the risks arising from the business are correctly evaluated and sufficiently controlled
- internal systems, which contribute to the establishment of financial information, are reliable.

Although this internal control system cannot, by definition, provide an absolute guarantee that all types of risks will be completely eliminated it provides the Company with a comprehensive tool that effectively protects against the major risks identified and their potential effects.

1.11.4.1.2. Scope under review

Covivio's internal control and risk management system is applied, without exclusion of scope, to all its businesses in France, Germany and Italy.

In 2019, Covivio made a significant number of acquisitions falling immediately within the scope of the internal control procedures.

1.11.4.1.3. Standards

Covivio abides by the reference framework recommended by the *Autorité des Marchés Financiers*. This AMF reference framework is based on that of COSO (Committee of Sponsoring Organisations of the Treadway Commission). It includes a set of methods, procedures and measures that should enable the Group to:

- contribute to the management and efficiency of its business activities and the efficient use of its resources
- appropriately take into account significant operational, financial and compliance risks.

1.11.4.2. Components of the internal control system

1.11.4.2.1. Structured organisation

In accordance with AMF recommendations, Covivio's internal control system is based, among other things, on known objectives, shared responsibility, and appropriate management of resources and skills.

1.11.4.2.1.1. Delegations of powers and responsibilities

Delegations and sub-delegations of powers have been put in place. They ensure better organisation of the Company and a stronger correlation between the responsibilities of operational entities and the responsibilities of the executive. They are subject to regular reviews and audits.

(1) Energy Transition and Green Growth Act of 17 August 2015.

(2) Sustainability Accounting Standards Board.

1.11.4.2.1.2. High-performance and secure information systems

The features of the software applications used by Covivio employees are tailored to their various activities.

The security of the financial transactions conducted using the information systems is ensured by:

- limits on the disbursements allowed for each employee and a dual-signature requirement when limits are exceeded
- separation of payment authorisation and the execution of payment transactions.

These measures are updated in keeping with organisational changes.

The security of the infrastructure and the information system is ensured by:

1. A contingency plan to mitigate any physical or electronic attack on the information systems. Daily back-ups are stored outside the building in which the main servers operate.
2. A business continuity plan has been operational since June 2013. This plan was drawn up jointly by teams from the Covivio Information Systems and Audit and Internal Control Departments, with the help of the global leader in business continuity solutions. The business continuity plan is described in a special procedure. It covers the following points:
 - a back-up centre, in the event of an IT incident that results in a computer malfunction for employees. Tests are performed annually with the service provider to ensure the efficiency of the system
 - a user help desk, in the event of an incident in the operating assets rendering employees unable to work at their stations.
3. Annual intrusion tests are performed by a specialist services provider to ensure that the information system is secure. All recommendations resulting from these tests are regularly monitored until their implementation.
4. A cyber-risk mapping exercise, performed with the assistance of a service provider specialised in this domain. This highlighted that many management strategies were in place within the Group, and implementation recommendations are being deployed to reinforce risk management. Following this mapping exercise, Covivio took out cyber risk insurance, which is described in greater depth in paragraph 1.11.2 Insurance Policy.
5. All Group employees attend training on cyber risks, and awareness-raising sessions on the issue, to remind them of best practice and the conduct to adopt.
6. A Computer Charter, disseminated throughout the Group and attached to Covivio's internal rules:
 - this charter is first and foremost a Code of Conduct laying down the principles for the proper use of IT and digital resources. It also outlines the penalties applicable in the event of any infringements
 - it defines the areas of responsibility for users and for the Company, in accordance with legislation (in particular the French Data Protection Act No. 78-17 of 6 January 1978), to ensure the correct use of the Company's IT resources and Internet services
 - it helps to protect the integrity of the IT system, particularly with regard to data security and confidentiality, as well as the security of technical equipment.
7. The appointment of an external Information Systems Security Officer in 2018.
8. The development in 2019 of an ISSP: Information System Security Policy.

1.11.4.2.1.3. Updated, validated and distributed procedures

In France, Germany and Italy, the procedures are drawn up by the Audit and Internal Control Department, in close collaboration with operational staff.

The procedures describe the risks and control points of the sensitive and manageable processes.

The procedures are presented as flowcharts that highlight:

- the risks identified and the resources employed to control such risks
- the roles and responsibilities of each individual (processing, monitoring, validating, information, archiving)
- the control points exercised, especially the automated controls carried out by information systems.

All procedures, whether they concern updates, renewals or terminations, are approved by an *ad hoc* committee. The committee includes representatives of the Company's various business lines (operational and support staff) who are selected on the basis of their expertise and their knowledge of the Company's operating methods.

To strengthen their validity and relevance, all procedures are also approved by the Audit and Internal Control Department and by the member of the Management Committee responsible for the procedure.

The validated procedures can be accessed by employees on the Company's Intranet in France, Germany and Italy.

1.11.4.2.1.4. Employee training

The Audit and Internal Control Department organises "Process Mornings" training sessions. Training is mandatory for all employees in France, Germany and Italy and aims to train and raise awareness among employees about:

- the risks inherent in their activity
- new applicable regulations
- procedures specific to each department or business line
- the components of the internal control system, including internal charters (in particular, the Ethical Charter)
- the role of the Ethics Officer.

In 2018-2019, training sessions focused particularly on the fight against fraud and corruption, data protection and the risk of cyber-crime.

In addition, during their induction course all new employees of the Group meet the Audit and Internal Control Department, and are explained the department's role and the Group's procedures.

1.11.4.2.1.5. An established ethics approach

Covivio has placed a high-priority on complying with regulations, internal procedures, professional ethics regulations, and morals. Thus, since the beginning of 2018, Covivio has created a Group Compliance function supported by local relays. Its task is to ensure the coordination and control of issues across the Group. The Company uses a complete Europe-wide procedure that provides guidance on the regulations and proper conduct to be adhered to by the Company, its managers and corporate officers, as well as all employees and partners.

This procedure is described in more detail in Section 2.6.2 of this document.

1.11.4.2.2. Constantly evolving risk management

1.11.4.2.2.1. Risk mapping

As stated in Section 1.11, for over ten years, Covivio has been mapping risks to better understand the risks which could have an impact on the Company's results, monitoring changes to these risks and improving the way they are managed. Major risks are presented in Section 1.11.1.

1.11.4.2.2.2. Incident database

Incident databases have been set up in France, Germany and Italy. They make the mechanisms for managing potential risks more efficient, by recording past incidents, to prevent their re-occurrence and limit their consequences.

This incident database provides Covivio's employees with the means to assess risks in a quantitative and qualitative manner, by setting the following objectives:

- support employees in incident management, notably regarding incidents that have never been reported
- characterising these incidents by assessing their financial impact
- produce analysis and summary reports
- propose solutions to contain these risks and any occurrences or repeated occurrences
- allocating the resources necessary to manage them.

1.11.4.2.2.3. The internal control manual

The internal control manual aims to improve the governance of internal control and risk management.

The manual highlights recent changes in the internal control system in terms of monitoring recommendations, implementing procedures and standards set by the AMF relating to governance, risk management and key information system elements.

1.11.4.2.3. Control activities proportionate to risks

The control activities in France and abroad are designed to mitigate the risks that could affect the achievement of the Company's goals. The frequency of controls is adapted to the scale and nature of the risks.

1.11.4.2.3.1. Control of risks on investments, disposals and financing

In accordance with the governance rules (see Section 5.5 of the present Registration Document), decisions relating to the greatest risks, above certain amounts, are placed under the control of the Board of Directors and its specialist committees. They particularly involve:

- acquisitions and disposals
- medium and long-term financing
- business plans and budget objectives
- principal strategic decisions.

Other risks fall under the control of the Chief Executive Officer. Once a month, the directors concerned present their projects, developments and activity reports to the Chief Executive Officer.

1.11.4.2.3.2. Control of recurring activities

Control of proprietary companies, management companies and operational departments

Control points relative to recurring activities concern actions needed to:

- deliver the budgeted receipts
- control operating expenses related to assets
- control the direct operating costs they incur (personnel expenses, appraisals, Asset Management, etc.).

Group Management Control is responsible for controlling compliance with the budgets.

The functional departments are controlled on a monthly basis with regard to cost management and budget compliance.

1.11.4.2.4. Internal control and risk management system

1.11.4.2.4.1. Organisation of the internal control and risk management system

This system is based on the three lines of control set out in the diagram below:



To ensure its permanent establishment in Italy, Covivio has complied with the provisions of Legislative Decree 231 of 2001, "Modello 231", and as such relies on a Compliance Committee, composed of two members appointed by the Board of Directors. It ensures that updates to the Modello 231 are applied and it monitors "sensitive activities" (corruption, insider trading, money laundering, employee health and safety, etc.). In this regard, it is mandated by all of the Company's stakeholders regarding actual or suspected violations of provisions set out in the Ethical Charter.

1.11.4.3. Internal control of accounting and financial information

The internal control of the accounting and financial information of Covivio and its subsidiaries is one of the major elements of the internal control system. It is designed to ensure:

- the compliance of the financial statements and the accounting and financial information with the regulations
- the reliability of the published statements and the information communicated to the market
- the application of the instructions laid down by General Management
- the prevention and detection of fraud and accounting irregularities.

1.11.4.3.1. Scope

For the production of the Group's consolidated accounts, Covivio's scope of the internal accounting and financial control includes all the consolidated subsidiaries.

1.11.4.3.2. Agents

1.11.4.3.2.1. Governance bodies

As the consolidating company, Covivio defines and supervises the process of preparing the accounting and financial information published. The Accounting Department is responsible for the management of this process, under the responsibility of the Finance Director. Responsibility for the production of the corporate and consolidated financial statements of the subsidiaries is assumed by Covivio's Accounting Department, under the control of the relevant executive corporate officers.

Two persons are particularly involved:

- the Chief Executive Officer of Covivio is responsible for the organisation and implementation of the accounting and financial internal control and the preparation of the financial statements:
 - he/she presents the accounts to the Audit Committee and to the Board of Directors for its approval
 - he/she ensures that the process of preparing the accounting and financial information produces reliable data and gives a fair picture of the Company's results and financial position
- the Audit Committee, as the representative of the Board of Directors, conducts the verifications and controls it deems appropriate. It presents its findings to the Board of Directors before the closing of the financial statements.

1.11.4.3.2.2. Production of accounting and financial information

In France, as abroad, the quality of the process of producing the financial statements is the result of, in particular:

- formalised accounting procedures
- a consolidation manual, adapted to the functionalities of the consolidation software
- validation and updating of accounting scenarios
- verification of balances and the usual validation and control reconciliations, in conjunction with work carried out by management control
- analytical reviews to validate changes in the principal balance sheet entries and the income statement with operations staff
- separation of tasks between commitment powers and accounting activities
- review of consolidation reporting for each subsidiary
- review of the impact of taxes and disputes.

For every decisive event a specific note is drawn up analysing its impacts on the financial statements of the entities and on the consolidated accounts.

The reliability of processes enables Covivio teams to devote more time to control activities.

1.11.4.3.2.3. Production of the consolidated financial statements

For the preparation of the consolidated financial statements, the Accounting Department of Covivio has written a detailed consolidation manual that contains specific instructions for French and foreign subsidiaries.

The consolidated financial statements are prepared using a software package accessible to all of Covivio's accountants. This manual is updated regularly to comply with IFRS requirements and the specific characteristics of the various operational and financial activities of Covivio and its subsidiaries. The consolidated entities have a single accounting plan. The processed data is uploaded in the programme in data packages.

At each half-yearly and annual closing, the accountants of the various consolidation sub-levels receive detailed instructions prepared by the Accounting Department.

1.11.4.3.2.4. Control of the communication of financial and accounting information

The Chief Executive Officer coordinates the closing of the financial statements and conveys them to the Board of Directors, which also reads the report from the Chairman of the Audit Committee.

The Chief Executive Officer defines the financial communications strategy. The press releases about the financial and accounting information require approval from the Audit Committee and Board of Directors.

Covivio applies the EPRA Best Practice Recommendations, notably when presenting the financial statements and performance indicators. This presentation enhances readability and enables comparisons with real estate investment trusts (REITs) which publish in the same format.

1.11.4.4. 2020 outlook

In 2020, the Audit and Internal Control Department will ensure that the audit plan for the year is fully and thoroughly implemented. It also plans to improve the management, identification, understanding and hedging of risks within the Group. Risk management, as well as compliance with the regulations relating to the fight against fraud and corruption (Sapin 2) and the protection of personal data, will be the main issues for the year 2020 in regards to Compliance.

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FOREWORD

Each year, Chapter 2 of the Covivio Universal Registration Document (URD) accurately reflects the Company's sustainable development strategy. This chapter constitutes the **Statement of Non-Financial Performance (SNFP)** pursuant to the Order of 19 July 2017 and the Decree of 9 August 2017. This SNFP was prepared with support from the Group's functional and operational departments. It was validated by the Executive Committee and presented to the Board of Directors. Unless otherwise specified, the data presented in the SNFP is provided on a current basis. The reporting scope and methodology for the information in this chapter are presented in Section 2.7.1.

Chapter 2 also explains how Covivio's low-carbon strategy and objectives and initiatives align with the goal of limiting global warming to 2°C as enshrined in the Paris Agreement of December 2015. In particular, it presents energy consumption and CO₂ emissions related to building use corrected for climate conditions. Every year, Covivio presents an accurate report on greenhouse gas emissions for each activity, by describing the challenges associated with climate, in compliance with the provisions of Article 173 of the Energy Transition and Green Growth Act and its Decree of 29 December 2015. Covivio includes the recommendations made by the group of climate experts that make up the Task Force on Climate-related Financial Disclosures (TCFD).

Since 2017, this reporting has been aligned to the 17 Sustainable Development Goals (SDGs) defined by the United Nations. It contains information on how the Company takes the social and environmental consequences of its activity into account, as well as an analysis of the consequences of this activity on climate change.

The financial risks inherent in the effects of climate change seem limited in the short term. However, since 2017, Covivio has conducted various specific and more in-depth evaluations to this subject. The action already taken, in coordination with key tenants, associations, initiatives (IFPEB, Sekoya, etc.), and organisations such as the Building Scientific and Technical Centre (CSTB), aims to control these risks.

In accordance with the GRI Standards framework, the SASB⁽¹⁾ framework and the EPRA 2017 Best Practices Recommendations on Sustainability Reporting, two reporting controls are carried out by an independent third party (2.8): the first relating to Green Bonds issued in 2016 and 2019 and the second relating to other aspects addressed in Chapter 2.

This information is also contained in Covivio's Annual Report on Sustainable Performance (www.covivio.eu/fr).

2.1. EDITORIAL BY THE CHIEF EXECUTIVE OFFICER

Build sustainable relationships and well-being

On 4 December last year, Covivio expressed its purpose, which is the result of a joint project carried out by the Board of Directors and internal teams at European level. This communicated Covivio's role as a responsible real estate operator that is conscious of its impact on all of its stakeholders: clients, shareholders and financial partners, internal teams, local authorities, as well as future generations and the planet.

After the adoption of our European identity in 2018, we wanted to take our stance on social and environmental issues further. The formalisation of our mission statement does not mark a break from the various CSR initiatives that we are already carrying out but conveys the new momentum that we intend to give them. Based on concrete objectives, our Purpose conveys our values and our way of reinventing ourselves every day to create vibrant spaces for working, travelling and living.

This report describes both the objectives and progresses made by the Group in all aspects of CSR, including the resilience of our activities and our business model; the gradual reduction in the carbon intensity of our activities on the path towards limiting global temperature change to within 2°C, or even 1.5°C; energy efficiency of the buildings; safeguard biodiversity and our involvement in the creation of a more inclusive city.

Overdue for around ten years, the provisions of the "tertiary decree", published in July 2019, were anticipated by Covivio, with a significant reduction in energy consumption ratios (~35% for the

France Offices portfolio between 2008 and 2019) and the choice of ambitious and high-performance real estate. 100% of our core⁽²⁾ assets will be certified⁽³⁾ by the end of 2020 for the Office assets in France (90.4% at the end of 2019) and by 2025 for all portfolios (84% at the end of 2019). After calculating, in 2017/2018, our pathway towards 2°C by 2030 in accordance with the 2015 Paris Agreement, we are applying it in 2019/2020 as an action plan for the decade to come, and working on achieving a target 1.5°C. Calculated with the CSTB for our three business lines at the European level, this carbon trajectory was approved by the international Science Based Targets initiative (SBTi) in the summer of 2018.

For many years, Covivio has been recognised as one of the pioneers and leaders in Europe in sustainable development. In September 2019, Vigeo-Eiris performed a complete analysis of Covivio's ESG (environmental, ethical, social and governance) objectives. By obtaining the best possible rating, A1+, Covivio is the leading European real estate operator and seventh worldwide, all sectors combined. The success of the second green bond that we issued in the days following the announcement of this rating, for €500 million, demonstrated the confidence of investors in Covivio's strategy and achieved 14% green debt by the end of 2019. Our last green bond will be used to finance the development of assets located in large cities in France and Italy and that have environmental certification with a high level of performance (HQE Excellent, BREEAM Excellent, LEED Platinum), or specific labels such as Biodiversity, Osmoz or Wirescore.

(1) Sustainability Accounting Standards Board.

(2) "Core" building: slated to remain permanently in the portfolio.

(3) See Section 2.3.1.4.

To continue to make progress, we are relying on internal innovation, such as the collaborative project "1001 ideas", which won two awards in 2019, or setting up specific working groups in alliance with associations or the PropTech world, notably via Impulse Partner.

To strengthen our societal commitments, Covivio will create a Foundation in 2020, which will bring together our actions in support of equal opportunities and the protection of the environment. To help reinforce our commitments, every year Covivio's employees will be able to have a solidarity day to support a project identified by the Foundation. Furthermore, in order to monitor these commitments associated with our mission statement and to evaluate them and renew them, in 2020, Covivio will also create a Stakeholders Committee, which will bring together clients, suppliers, partners, team representatives, local authorities, urban planners, sociologists, etc. Every year, this

Committee will release the findings of its work on the monitoring of our mission statement objectives, and its new commitments.

With the start of the new decade comes many challenges (climatic, environmental, social, etc.), but also many opportunities for a greater focus on human and environmental issues, so that a more pleasant urban environment and world can be left for future generations.

Covivio has been working to this end for more than 10 years. Our strategy and the results presented in the following pages confirm this. Our Purpose, "Build sustainable relationships and well-being", builds on this momentum, on our values and on the confidence shown by our stakeholders. These sustainable relationships are an asset for our teams, who work towards this mission statement every day.

Christophe Kullmann

Chief Executive Officer

With a portfolio of more than €24 billion (€16 billion Group Share), Covivio is the fifth largest Real Estate Investment Trust (REIT) in Europe. Its success is the result of its unique decision to expand in several countries at the same time and develop several products while retaining the agility that has enabled it to seize opportunities since it was set up in the early 2000s. Active throughout the value chain, Covivio has managed to develop its unique assets and values, while capitalising on its financial and technical expertise, enabling it to anticipate changes in its clients and markets, to constantly adapt its buildings, services and know-how.

2.2. A LONG-TERM STRATEGIC VISION

Covivio's strategic plan is based on three pillars: a greater presence in large European cities offering good market depth and attractive economic prospects; development projects as a driver of growth that can constantly improve the quality of the portfolio and harness greater value creation; and a client-centric approach aiming to anticipate clients' needs and changes in markets and regulations. Covivio's unique profile is particularly

relevant at a time when flexibility is a priority in terms of real estate, with offers such as: flexible offices; co-working; co-living; teleworking and nomadic work; and new "home-style" hotel concepts. By placing people and the service dimension at the centre of our projects, Covivio is supporting the implementation of all transitions (energy, climate, environmental, digital, etc.).

2.2.1. Maintaining our role as a responsible real estate operator

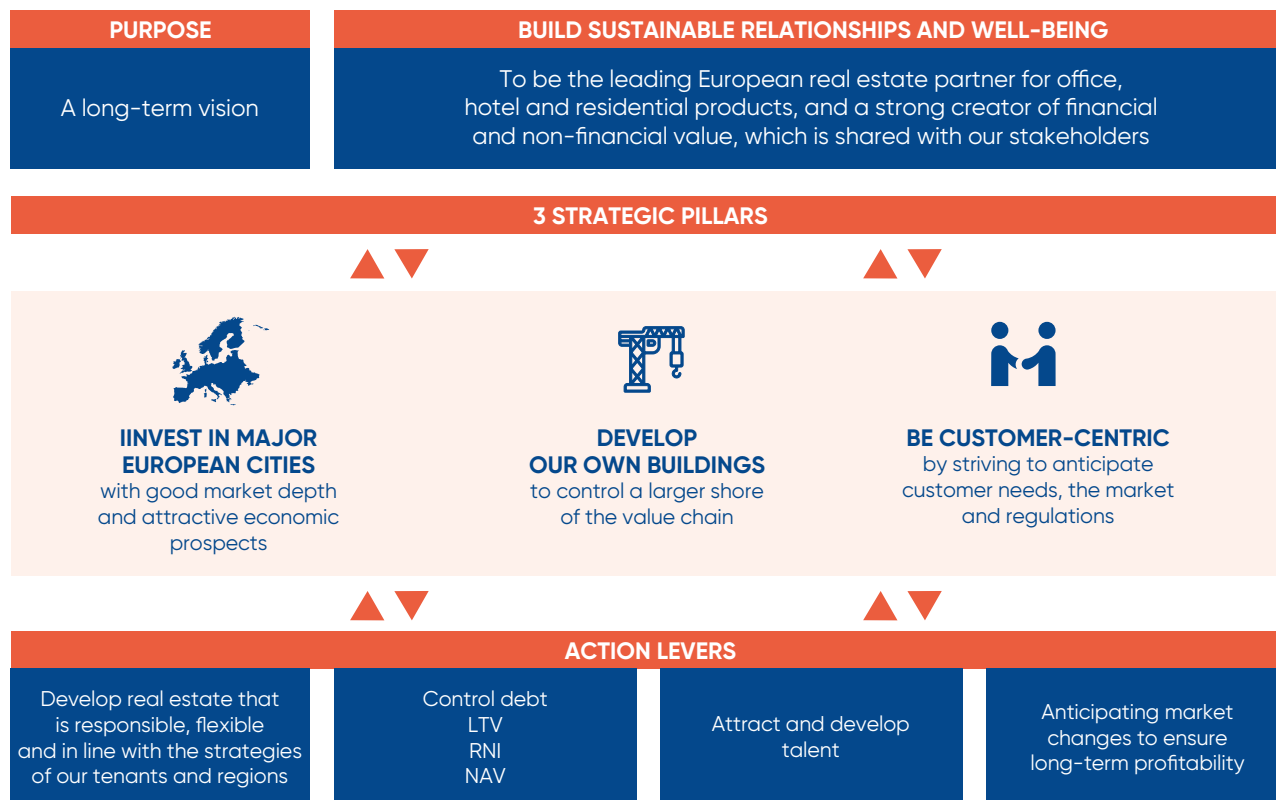
Covivio has built its success by establishing itself as the preferred partner of key tenants, which it supports in their real estate strategies. As well as buying portfolios of buildings from major players (Orange, Telecom Italia, EDF, AccorHotels, etc.) under "sale and lease back" transactions, Covivio has successfully begun the development and refurbishment of buildings. Starting with its very first project in 2008, the Dassault Systèmes headquarters in Vélizy (Yvelines), Covivio opted for green and responsible real estate, a choice that was pioneering at the time, obtaining the HQE (*Haute Qualité Environnementale*) certification. Covivio occupies a unique position among major REITs, both in terms of its geographical allocation and European coverage and its positioning on three products: Offices, Hotels and Residential. Thanks to its integrated expertise, Covivio is able to control the entire value creation chain.

Covivio's mission statement covers this long-term vision and opens up the Company's range of actions to include financial and non-financial goals and objectives arising from the interaction between the Company and society.

Covivio's Purpose makes a number of commitments quantified by the adoption of a manifesto (paragraph 1.3.2.). For Covivio, formalizing its Purpose was an opportunity to assert its ambitions to its stakeholders with concrete objectives. At this stage, it has not been identified as an advantage to include it in the statutes, wishing therefore to take the time for reflection before considering this possibility.

Covivio's long-term vision is driven by the Group's mission: which is to build on strong know-how in long-term partnerships, create unique living spaces and to contribute to the emergence of more sustainable, resilient and inclusive real estate and cities.

A long-term vision based on extensive expertise

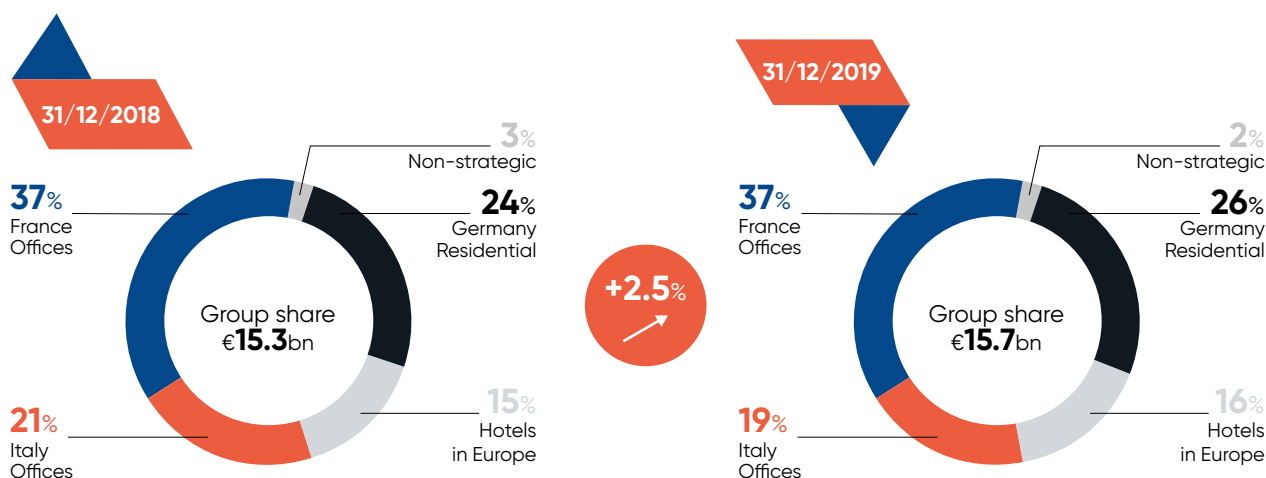


2.2.1.1. Covivio: three activities, 12 European countries

Covivio's strategic plan strengthens its European ambitions and its diversification, both in terms of countries and products, with a leading position in:

- Offices in France and in Italy, mature markets in which Covivio is creating real estate that meets the highest international standards
- Residential property in Germany, via Covivio Immobilien
- Hotels in Europe, via Covivio Hotels, which supports leading players in this sector.

This product diversity is accompanied by diversification of the offer: in Offices, development of an innovative co-working solution under the Wellio brand; in Residential the implementation of a co-living solution; and in Hotels (2.3.1.2) support for new concepts with brands such as NH Hotel Group and MEININGER. Its expertise in these three sectors is highly complementary and driven by changes in lifestyles and work patterns and the convergence of services offered in these three categories of assets. As a major player in each of these three segments, Covivio benefits from a geographic diversification that allows it to depend upon various economic cycles and markets to optimise the balance of investments, reduce risks and support clients to expand internationally.



2.2.1.2. A sector at the heart of major transitions

Buildings and urban planning must respond to major challenges, such as: considerable changes in lifestyles and technologies; environmental and climatic crises; and the demographic explosion, among others. Climate change has direct impacts on regions, for example, rising sea levels, peaks in temperature and even more frequent heat waves, more storms and unusual rainfalls, etc. Cities and buildings must become more resilient, meaning that they are capable of providing adequate solutions to these situations. Which solutions should be chosen first to limit the acceleration of climate change and mitigate its effects on city life? How can we support the inhabitants, particularly the most vulnerable, to offer them solutions for accessing water or buildings where they can cool down during heat waves? It has become imperative to limit greenhouse gas emissions and the factors that contribute to increasing outdoor temperatures (installation of equipment emitting heat, etc.). Given that the implications are linked, the social component is inseparable from the environmental component. The city must therefore become more inclusive, reducing the number of those left behind, by redesigning transport or making use of the best of the digital revolution. With a focus on major social, economic and environmental issues, cities must integrate changes in lifestyles and the aspirations of inhabitants to improve their living environment, access to education, culture, hygiene and health.

As the owner of portfolios of real estate assets in cities and as a player in the reconstruction of the city on the city, Covivio endeavours to fight urban sprawl and to reduce the land take, by considering the conditions for implementing a "zero net land take" philosophy. As an actor in major environmental, social and technological transitions, Covivio designs and manages its buildings as levers towards a more resilient and inclusive city. Buildings are integrated into an urban ecosystem in terms of their climate, culture, society, connectivity, mobility and biodiversity,

and in most cases projects are carried out in partnership with partners including associations, colleagues, consultants, suppliers, local authorities, etc.

2.2.1.3. 17 Sustainable Development Goals to transform the world

So that public and private actors can provide tangible solutions to human and environmental challenges, in September 2015 in New York, the 193 member states of the United Nations adopted a sustainable development programme entitled **"Transforming our world: the 2030 Agenda for Sustainable Development"**. Effective since 1 January 2016, this programme is composed of 17 Sustainable Development Goals (SDGs), broken down into 169 targets. Their aim is to fight extreme poverty, inequality, exclusion, or address climate change and the erosion of biodiversity. The opportunities opened up by the SDGs represent important challenges in terms of employment (\$12 trillion of opportunities every year by 2030 according to Better Business, Better World⁽¹⁾ and an increase in investments of \$5 to \$7 trillion, according to UNEP-FI).

A signatory of the Global Compact (GC) since 2011 and having achieved the GC Advanced level in 2018, Covivio has explicitly referred to 17 of the UN SDGs since 2016, particularly in its various CSR publications: COP (Communication On Progress), Universal Registration Documents, Sustainable Development Reports and, of course in this Statement of Non-Financial Performance. Covivio's multi-year CSR objectives presented in this document are consistent with the 17 UN 2030 SDGs to which they contribute, the 10 principles of the Global Compact, and the 2°C trajectory of the December 2015 Paris Agreement. The Covivio 2019 COP highlights the existing links between the 17 SDGs and the 10 principles of the Global Compact with regard to its activities. It is available on the specific UN website and on the Covivio website⁽²⁾.



The analysis conducted internally in 2017 and completed in 2018 produced a matrix highlighting eight major SDGs for Covivio, given the targets to which they refer:



The challenges represented by each of these objectives occupy an important place in Covivio's CSR policy and its business model. Each one refers to both the actions performed for the building portfolios developed and held by Covivio and for the corporate scope of the Company internally as an employer.

(1) <http://www.globalcompact-france.org/actualites/objectifs-de-developpement-durable-comment-aller-plus-loin-dans-leur-integration-par-les-entreprises-103>

(2) <https://www.covivio.eu/app/uploads/2018/11/2018-Pacte-Mondial-des-Nations-Unies-Communication-sur-le-progrès.pdf>



ADOPTING THE EIGHT KEY SDGS

3 – Good health/well-being: provide the occupants of Covivio's buildings, as well as its own employees, with spaces that promote comfort and enjoyment of life, based in particular on the choice of materials, layout and surface optimisation, which have a positive impact on well-being, work capacity, attraction of talent and health.

Target example: 3.9 – By 2030, dramatically reduce the number of deaths and illnesses from hazardous chemicals, pollution and contamination of air, water and soil. (2.3.3.3).

7 – Clean and affordable energy: conduct an ambitious policy to reduce energy consumption (through building certifications, green electricity contracts, etc.) and participate in working groups to gradually integrate concrete solutions to energy transition challenges into buildings.

Target example: 7.2 – By 2030, significantly increase the share of renewable energy. (2.3.2.3.3)

8 – Decent work and economic growth: participate in the momentum and economic growth of communities by supporting several thousand jobs in Europe through its various businesses.

Target example: 8.5 – By 2030, achieve full and productive employment and ensure all women and men, including young people and persons with disabilities, have decent work and equal pay for work of equal value. (2.5.1.4)

9 – Industry, innovation and infrastructure: be part of a more sustainable and resilient urban vision by designing and renovating buildings in the most circular and socially acceptable way possible while taking into account the environment and stakeholders and supporting innovation within the value chain.

Target example: 9.1 – Establish high-quality, reliable, sustainable and resilient infrastructure, including regional and transboundary infrastructure, to support economic development and human well-being, with a focus on universal, affordable and fair access. (2.3.1)

11 – Sustainable cities and communities: create responsible real estate and promote more resilient and inclusive cities by being a player in the construction and growth of major European cities.

Target example: 11.6 – By 2030, reduce the negative environmental impact of cities per inhabitant, by paying attention to air quality and municipal waste management. (2.3.2)

12 – Responsible consumption and production: produce and consume responsibly through development and asset management activities and through the supply chain.

Target example: 12.6 – Encourage companies, especially large and transnational corporations, to adopt sustainable practices and include sustainability information in reports. (2.4.2.1)

13 – Measures to combat climate change: adopt a global vision to reduce the Company's carbon footprint and that of its buildings, at each stage of their life cycle.

Target example: 13.2 – Incorporate climate change measures into national policies, strategies and planning. (2.3.3.1)

15 – Life on earth: commit to the fight against urban sprawl, the preservation of biodiversity, the emergence of the circular economy, etc., based on an action plan shared at the European level.

Target example: 15.5 – Urgently take vigorous measures to reduce the degradation of the natural environment, halt the loss of biodiversity and, by 2020, protect endangered species and prevent their extinction. (2.4.1.4)

The following pages show how Covivio's actions contribute positively to these eight SDGs and to the other nine with varying impacts.

2.2.1.4. Innovation: incubating know-how to create value

Since its creation in the early 2000s, Covivio has been recognised for its capacity for innovation, which has played an important role in its economic success: innovation in new product concepts and its ability to jointly construct, together with its stakeholders, new solutions at the real estate, technology and financial levels and in terms of products and services.

In the field of CSR, this innovation is ongoing, with the regular emergence of new issues and the requirement to find solutions or new services. Furthermore, while operating all its business lines, and during the life of its buildings, Covivio deploys a European digital strategy (2.6.3.1) intended to optimise the satisfaction of tenants (2.4.3.2) and the management quality and adaptability of its buildings.

More generally, Covivio's innovation strategy, initiated in 2016, is built around three specific topics which are detailed below.

2.2.1.4.1. Bet on open innovation

Covivio works with start-ups to identify the solutions of tomorrow, carrying out tests so that promising new products or services can then be deployed. As a partner in the Impulse Partners incubator, Covivio aims to strengthen the culture of innovation, encouraging tests for continuous improvement of internal processes and offers and of products and services dedicated to clients.

Also, and at the European scale:

- Covivio has also invested in a German PropTech fund (Proptech 1 Ventures⁽¹⁾) to study direct investment opportunities in start-ups that will nurture and support our innovation strategy
- the countries in which Covivio has a strong presence are also developing specific partnerships with research organisations, such as the *Politecnico di Milano* foundation in Italy. This foundation which partners with Covivio and other companies in the sector, is developing research programmes focused on subjects such as the energy efficiency of buildings, the use of digital technology (BIM, connected objects, etc.) and transport.

2.2.1.4.2. Supporting operational departments to implement specific innovations

In coordination with the operational departments (Development, Client Relationships, Sustainable Development, Digital, Information Systems, etc.), one of the missions of the innovation department is to promote the implementation of innovations which enable improvement of the management of buildings, reduce the Group's carbon footprint or generate new sources of income through technologies that are transforming the real estate sector. In this regard, it is the responsibility of the innovation department:

- to organise and disseminate the results of European sectoral monitoring designed to identify the solutions and services of the future
- to organise full-scale tests, by working with the operational departments, designed to anticipate changes to clients' expectations.

2.2.1.4.3. To develop an internal culture of innovation at European level

At the end of 2018, Covivio introduced a collaborative innovation process called "1001 ideas" where each employee can suggest their ideas about the Company of the future through a collaborative web platform covering four topics: "Better satisfy our clients", "Europe: how to work better together?", "Quality of life at work" and a more open section "What else?". At the end of a two-month consultation and after the participation of nearly 500 employees, the ideas were collected and analysed in order to evaluate their implementation. Today, 50% of them are deployed or are in the process of deployment within the Group. At the end of 2019, the "1001 ideas" initiative had won two awards:

- a silver prize in the "Intercultural innovation" category of the Innov'Acteurs awards
- the "Innovation Team Best Practices 2019" award in the "Innovation strategy" category awarded by the "Paris club of innovation leaders".

2.2.2. Promoting a resilient economic model

Since it was created, Covivio has invented a robust business model and occupies a pioneering position in how it develops its business lines. The Group has a recognised ability to build strong links with companies and local authorities which it supports in their real estate strategies (sale and lease back, modernisation, management, development, etc.). The quality of the partnerships established with key account tenants in Europe, combined with long-term leases, distinguishes Covivio from its peers.

With an **average residential lease term of 7.2 years**, Covivio provides high visibility of the sustainability of its income.

For many years, this strategy has enabled the challenges related to CSR to be quickly met with action plans that combine sustainability and profitability.

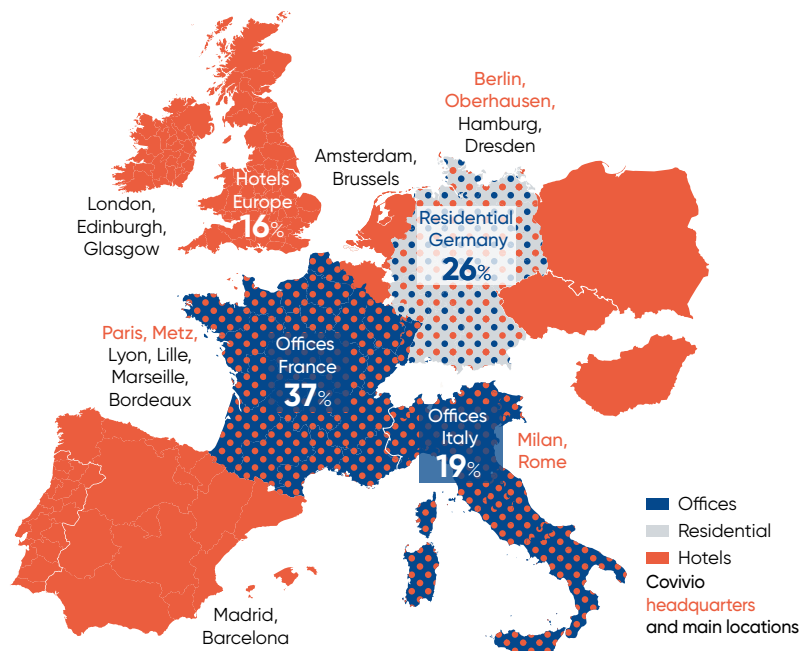
Chapter 3 of this document provides comprehensive and transparent information on the Company's economic and portfolio situation.

(1) <https://proptech1.ventures/>

2.2.2.1. A policy of asset rotation to serve the Group's ambitions

From its main platforms, historically established in France, Germany and Italy, Covivio works in three markets where the Group already has a significant size and is continuing to develop.

With €900 million in acquisitions and €1.2 billion in disposals in 2019, Covivio has continued to refocus its activity on core assets in large European cities. Furthermore, through the acquisition of large hotel portfolios, Covivio has continued to extend its European presence to new and dynamic countries offering growth prospects, such as Poland, Ireland and the Czech Republic.

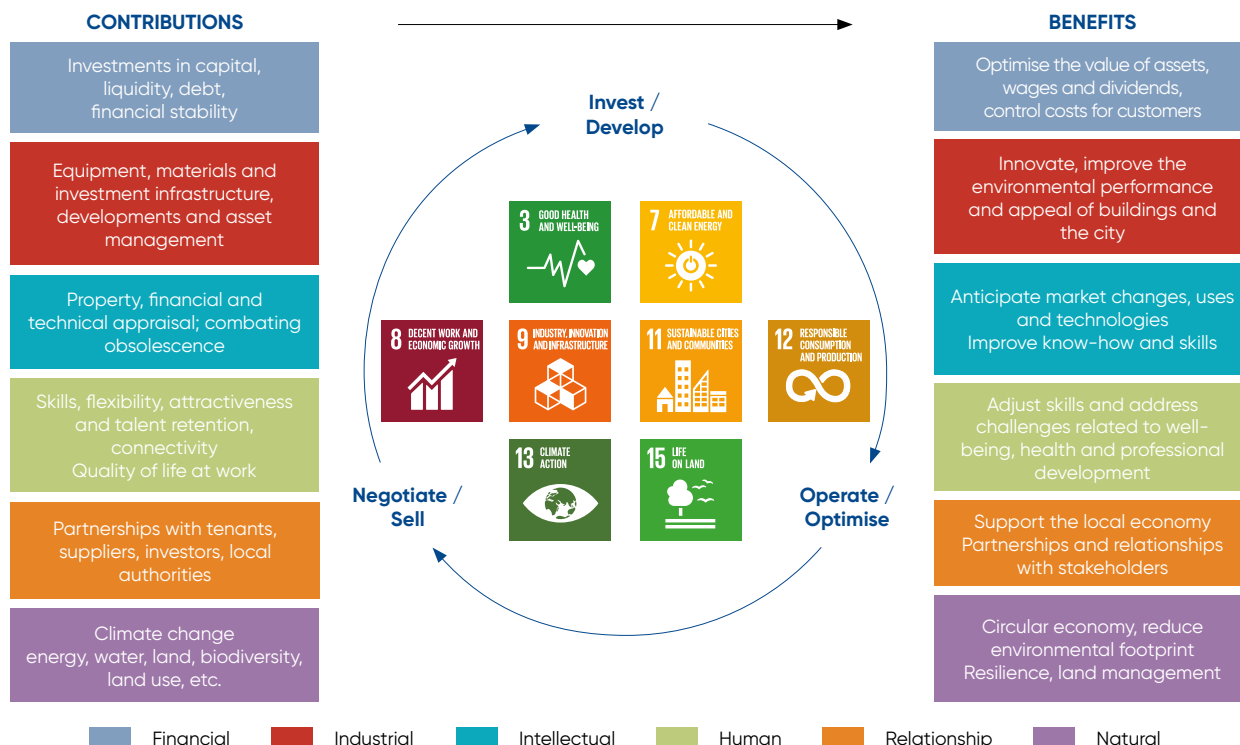


2.2.2.2. A business model that creates value in a sustainable way

The Covivio business model is a creator of value at every stage of the real estate cycle: development, management and arbitrage (2.3.1). Profitable for stakeholders, this creating value takes place responsibly and is part of a long-term strategy. The illustration below summarises Covivio's model. It uses the six capitals of the

Integrated Reporting <IR> (IIRC⁽¹⁾) Framework (financial, human, etc.), as well as the colour code. At the heart of Covivio's business model are the eight UN Sustainable Development Goals that are emphasised as part of its activities (2.2.1.3).

The Covivio business model



The financial and non-financial indicators presented in the URD are closely and regularly monitored to optimise the benefits drawn from these six types of capital and to ensure the durability of the Covivio business model.

(1) International Integrated Reporting Council (IIRC).

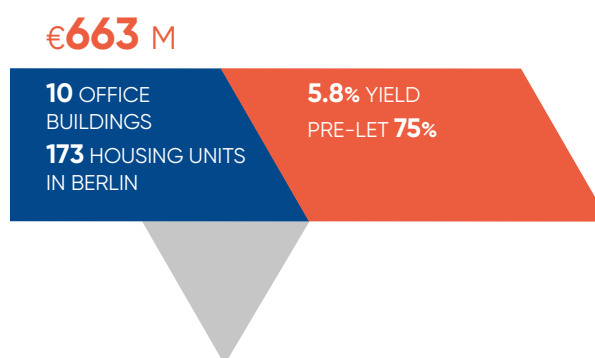
2.2.2.3. Cash flow secured over the long term

With an average occupancy rate of 98.2% across the Group, rising to 100% in its Hotels business, Covivio is implementing an investment strategy focused on single-let assets (*i.e.* buildings let to only one user). Furthermore, at the end of 2019, the firm's average residual lease term was 7.2 years. This gives Covivio excellent visibility of future cash-flows with almost no structural vacancies or unpaid rent.

To continue to increase its rental income, Covivio selects buildings that have advantages in terms of location, accessibility and

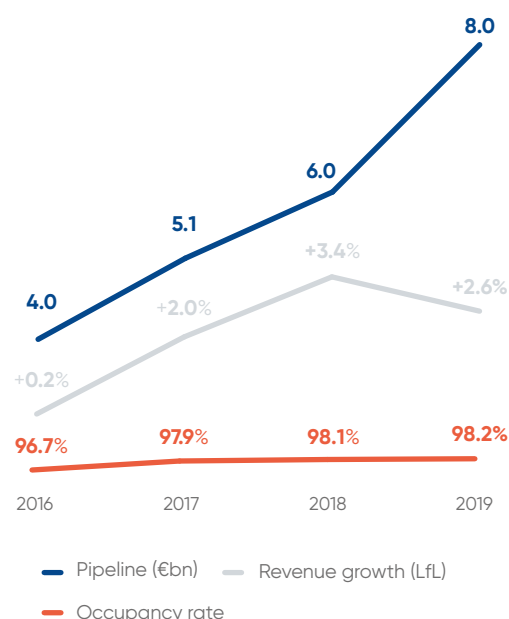
attractiveness and strives to improve the level of service and satisfaction of its tenants. To ensure cash flow over the long term, Covivio strives to develop real estate that is environmentally efficient, adaptable and innovative. When a building is vacated, Covivio restructures it to bring it up to the highest international standards, thereby maximising its use and financial value. Securing Covivio's long-term cash flow also means establishing **a pipeline of more than €8 billion** (of which €6.6 billion is for the Group Share), which will support its European development over the next few years.

■ 2020, a record year for future deliveries



In a low interest rate environment, the returns offered by the real estate sector continue to attract substantial capital flows. With yields in the range of 5% for the past several years, Covivio shares remain highly appealing. The Company also benefits from a high level of trust from tenants, key accounts, banks and shareholders.

The financial rating allocated to Covivio by Standard & Poor's – BBB with a positive outlook – bears witness to the quality of the portfolio, the stability of its cash flows and the robustness of the balance sheet. The success of the Green Bonds issued in 2016 (€500 million) and 2019 (€500 million) and of the capital increases (€400 million in 2017 for Covivio, €300 million in 2018 for Covivio Hotels and €316 million in 2019 for Covivio) illustrates this.



2.2.2.3.1. Creating lasting value

Building performance, be it environmental (energy performance, etc.), social (well-being, services, etc.), or societal (culture, accessibility, etc.) is likely to create goodwill called **green value**, which is not currently isolated by real estate valuation experts.

For corporate tenants, the gains in terms of comfort, well-being and the health of their employees result in a reduction in sick leave (healthy materials, quality of air indoors, etc.), and an increase in their concentration, creativity and, ultimately, productivity. This economic dimension is called **value-in-use**, or **immaterial value**.

Since 2014, Covivio has been involved, together with Goodwill Management and several partners⁽¹⁾, in a working group (VIBEO) to analyse the correlation between productivity and themes such as biophilia, new layouts of premises, art and architecture, etc. Moreover, by integrating all aspects of CSR and innovation into its strategy, Covivio has an economic model that is creating **long-term value** – one of the most material issues for the Group.

Finally, in the context of creating and sharing value, Covivio measures the socio-economic impacts and territorial anchoring of its activities (2.4.1.2). It partners with the Orée environmental organisation on various initiatives and publications in this area.

2.2.3. Developing performance together with stakeholders

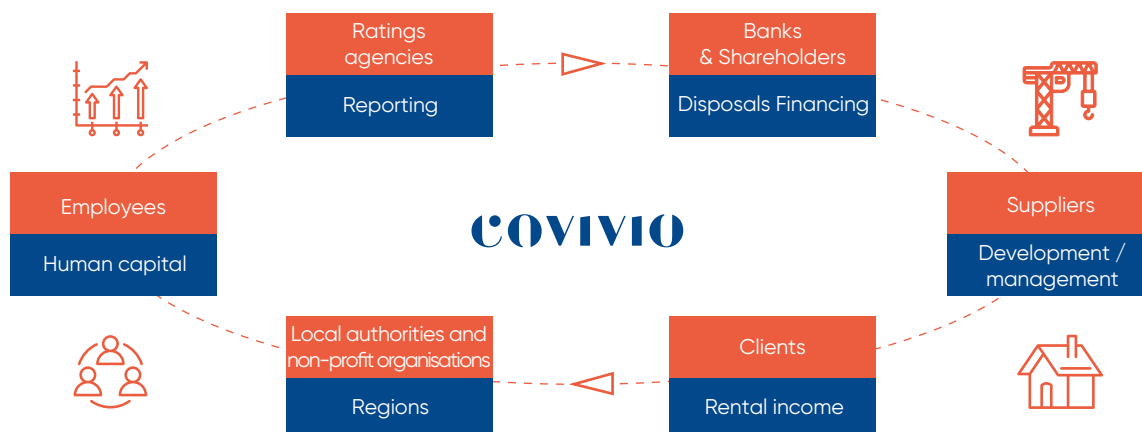
To reach high levels of financial and non-financial performance, Covivio is attentive to its stakeholders and works in close collaboration with them to develop the most appropriate real estate solutions together. Since 2012, Covivio has carried out a materiality analysis, which has been regularly updated since then. This approach relies on a good understanding of its stakeholders and the challenges that each of them face.

2.2.3.1. Covivio at the heart of the sector

The building and real estate sector brings together extremely diverse business lines and expertise: architects, technical design offices, communities, surveyors, bankers, suppliers, marketeers, legal professionals, client users, investors, associations, media – and of course employees and tenants. This contributes to the enrichment of everyone.

Covivio is located at the heart of this relationship network. Aware of its economic weight and leadership role, the Group wants to be exemplary in the management of its activities and its relationship with its various stakeholders.

■ Positioning of Covivio in the building/real estate sector

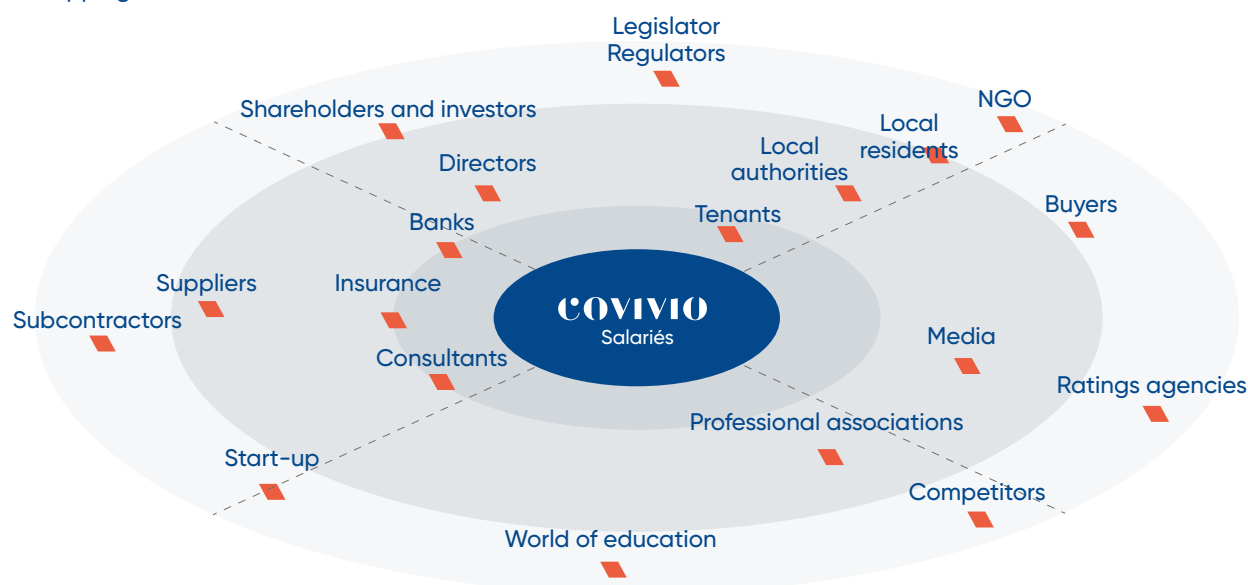


(1) CRESD: Construction and Real Estate Sector Disclosures.

2.2.3.2. Meeting the expectations of stakeholders (GRI 102-40; GRI 102-42; GRI 102-43; GRI 102-44)

Since 2010, the expectations of the Group's stakeholders have been considered by creating a map and preparing a materiality matrix. The main stakeholders were first selected from among the commercial community (key account tenants, suppliers), the financial community (shareholders), Human Resources (managers, employees), public authorities (local governments), and civil society (associations, media). Interviews with internal and external stakeholders have identified their CSR expectations, constraints and priorities. These stakeholder groups were then ranked according to their interest and impact on the Company's business, resulting in the mapping shown below as well as the introduction of appropriate tools for dialogue.

■ Mapping of Covivio's main stakeholders



Shareholders and investors given the diverse range of main stakeholders identified and their expectations, Covivio has gradually introduced communication tailored to each stakeholder. To do this, the Group has used both internal and external communication methods, notably social networks: tenant extranets, Twitter, LinkedIn, Yammer and other social media.

When it communicated its Purpose, Covivio decided to create a Stakeholder Committee in 2020. This will strengthen the cooperation process and provide a range of real estate solutions and services that are even more adapted to changes to the requirements and imperatives of the market.

■ Tailored communication methods

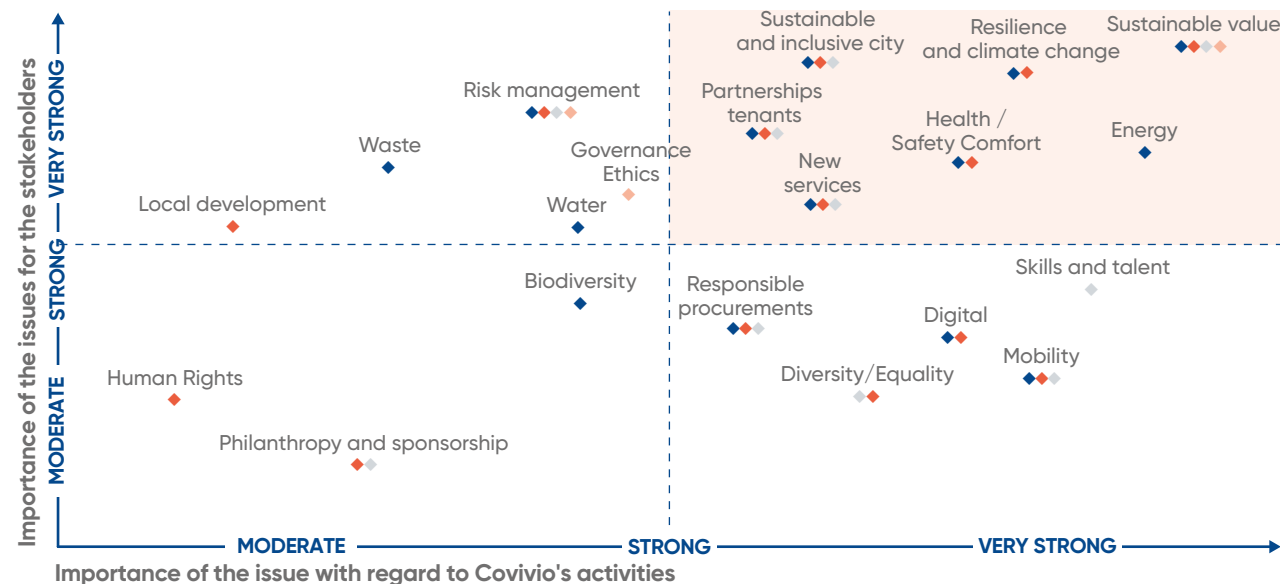
Main stakeholders	Expectations of stakeholders	Communication method	Chapter
Clients	Co-construction of innovative, tailored solutions to support each stakeholder's real estate strategy in the best possible way	Partnership Committees and Sustainable Development Committees	2.4.3
Shareholders	Visibility and longevity of the business model and profitability	Letter to shareholders, press releases, financial press releases, road shows, <i>investor days</i> , <i>website</i> , etc.	2.6.1.5
Ratings agencies	Transparency of financial and non-financial communications	Universal Registration Document (URD) and Sustainable Development Report	2.6.1.1
Employees	Follow-up support for professional development and training	Intranet site and internal communications tools	2.5
Local authorities and non-profit organisations	Awareness of their socio-economic challenges	Sustainable Development Report Involvement in various collaborative projects Conferences	2.4.1.1
Suppliers	Fair business practices	White paper on supplier relationships and Responsible Procurement Charter	2.4.2

2.2.3.3. Covivio's CSR priorities (GRI 102-46; GRI 102-48; GRI 102-49)

The CSR issues identified by external stakeholders were ranked and cross-referenced with those of Covivio, to create the materiality matrix shown below. Reassessed each year to ensure that results remain relevant over time, this study enables Covivio

to focus concrete actions on the most significant challenges for Covivio and its main stakeholders. This approach is taken with a view to continuously improving upon our ability to respond to stakeholders. It has enabled policies and relevant performance indicators to be established based on GRI and IIRC guidelines. It has been re-echoed in the Statement of Non-Financial Performance.

Covivio materiality matrix



- E** ♦ Environment / Sustainable buildings (see Chapter 2.3)
- S** ♦ Societal (see Chapter 2.4)
- S** ♦ Social (see Chapter 2.5)
- G** ♦ Governance (see Chapter 2.6)

This matrix evolves gradually as new concerns and issues emerge: digital, new services, resilience, inclusive and sustainable city, etc. Covivio's CSR policy covers all issues present in this matrix, with greater emphasis on the most significant ones. It is therefore more extensive than what is required according to the framework defined by the SASB (2.7.4).

As for human rights, Covivio is a signatory of the Global Compact (GC Advanced) and undertakes to respect the 10 principles of the Global Compact and apply the eight fundamental conventions

of the International Labour Organisation. In addition, the Group operates in countries with highly protective laws in this area; this issue is therefore limited when performing its activities, but Covivio remains attentive to these subjects. Also, Covivio has an active policy in matters of philanthropy and corporate sponsorship of skills (2.4.1.3.3), which will soon be run via a Foundation that the Group intends to create in 2020. The priorities in the matrix are cross-referenced with the GRI Standards in an annex in Section 2.7.5.

2.2.4. Identifying risks and seizing opportunities

Chapter 1.11 of this 2019 Universal Registration document describes the risk factors which may have a significant effect on the financial and non-financial position of Covivio or on its results. The Governance Section (2.6) details the measures taken to identify and manage these corporate risks (all the risks that the Group must face structurally). The methodology and results of this work are presented in the Risk Factors and Internal Control section of the management report (1.10).

■ Risk monitoring procedure



The CSR risks identified ranged from asset obsolescence to business interruption in exceptional circumstances (cybersecurity, fire, pandemic, etc.). The corresponding action plans are periodically followed up on by General Management and the Audit Committee.

In accordance with the new French regulation on the transparency of non-financial information (2017) resulting from the transposition of the European Directive (2014), specific mapping of CSR risks was conducted internally at Covivio in 2018.

2.2.4.1. Methodology for selecting and prioritising the main CSR risks

Conducted by the Sustainable Development Department in coordination with the Internal Audit and Control Department, CSR risk mapping was audited by EY to ensure compliance with the framework defined for the Statement of Non-Financial Performance. This study was conducted in 2018 with a panel of French, German and Italian Covivio managers in charge of operational or functional departments exposed to the identified

risks. The first stage consisted of a series of interviews conducted internally with the panel to define the universe of CSR risks on a European scale. The second stage focused on the rating of the risks identified, according to three parameters: reputation, frequency and level of control.

The CSR mapping therefore distinguishes between:

- inherent risks, considered in absolute terms given Covivio's industry and activities
- residual risks, assessed after consideration of the actions conducted by Covivio to control those risks.

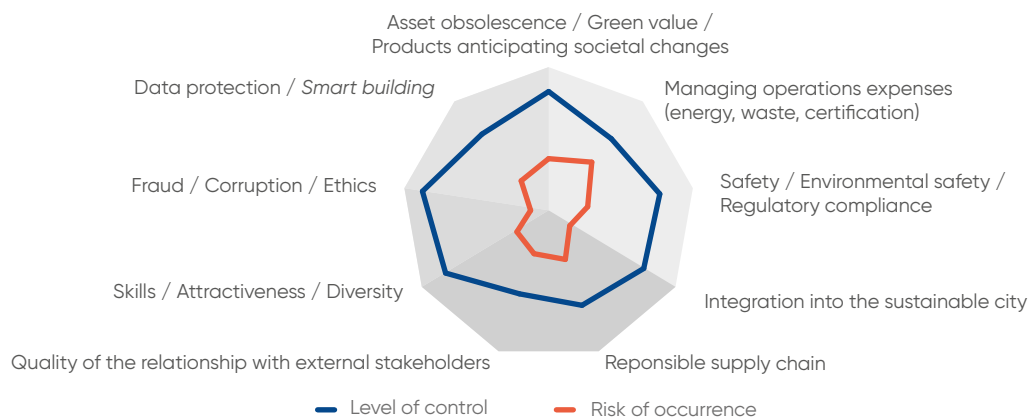
This map was verified by the Management Committee and communicated to the Board of Directors at its meeting of 21 November 2018. Since it failed to reveal any major deficiencies in controlling inherent risks, the study did not result in immediate corrective measures. In accordance with the instructions of the SNFP, each risk is the subject of a specific interview by the independent third-party organisation for its annual check with the employees who are most concerned by the risk.

2.2.4.2. List and description of the main CSR risks and opportunities

The risk mapping study revealed nine major CSR risks:

- asset obsolescence/green value/products anticipating societal changes (2.3.1.)
- managing operating expenses (energy, waste, certifications) (2.3.2.)
- security/environmental safety/regulatory compliance (2.3.3.)
- integration into the sustainable city (2.4.1.)
- responsible supply chain (2.4.2.)
- quality of relations with external stakeholders (customers, suppliers, etc.) (2.4.3.)
- skills/attractiveness/diversity (2.5.1.)
- fraud/corruption/ethics (2.6.1.)
- data protection/smart building (2.6.2.).

Summary of Covivio CSR risks



The Task Force on Climate-related Financial Disclosures (TCFD) recommends the quantification, financial or otherwise, of certain risks related to carbon. Issues of resilience and climatic risk are included in several of these risks. The report based on the TCFD is presented in the introduction to Chapter 2.3.

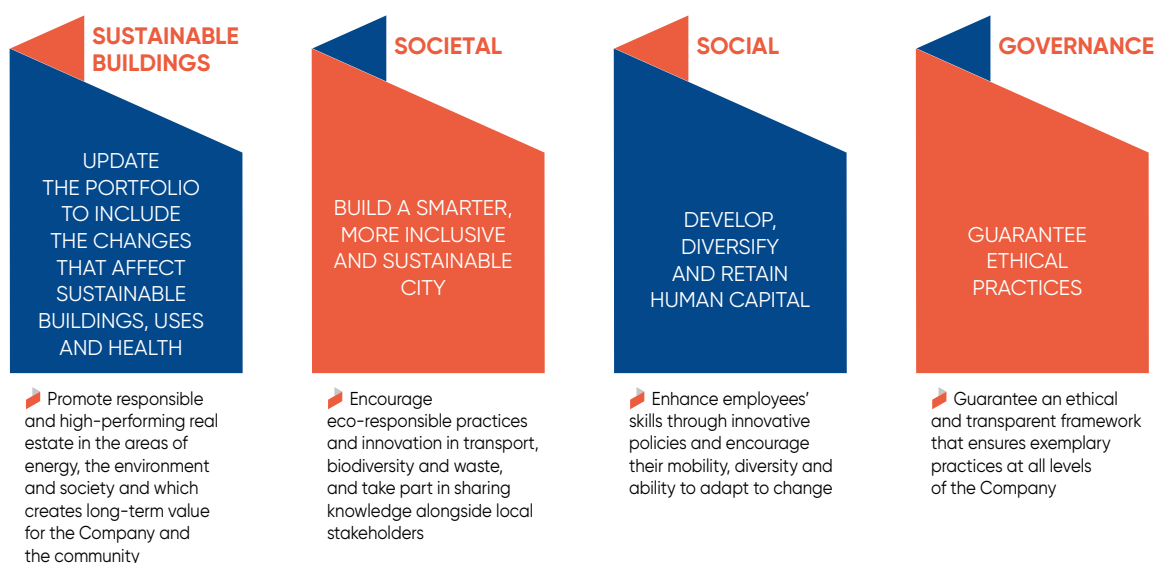
2.2.5. Putting CSR at the heart of the business model

By communicating its mission statement at the end of 2019, Covivio confirmed the importance placed on social and environmental issues and innovation at the core of its corporate and portfolio strategies. By developing its economic model, Covivio goes beyond the mere search for profit, considering that this objective must form part of a broader mission including all those participating in the success of the Company.

2.2.5.1. A comprehensive and European Sustainable Development strategy

Covivio's sustainable development strategy covers all its activities in Europe and all levels of the Company. Built on the experience from the analysis of its material issues and CSR risks, this strategy sets out an action plan (2.2.6) that echoes the various objectives conveyed by the mission statement (1.3.2).

The four components of this CSR strategy are common to each of the activities: Sustainable buildings, Societal, Social and Governance.



2.2.5.2. European planning and coordination of Covivio's CSR strategy

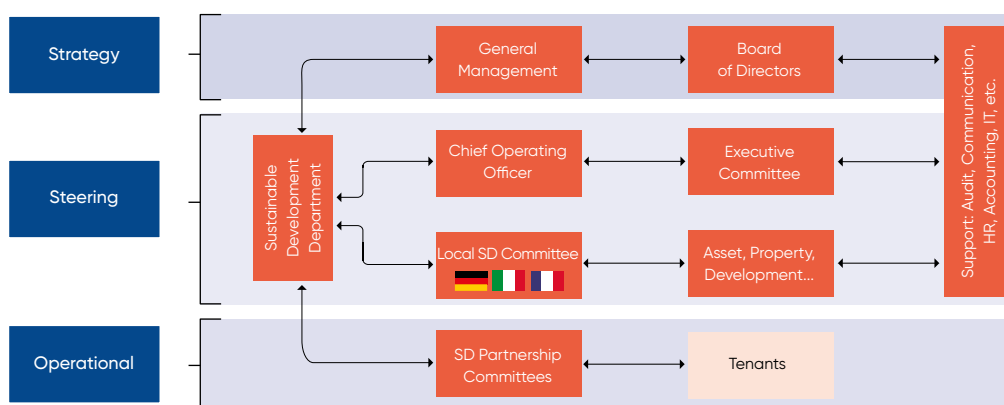
The Sustainable Development Department proposes and coordinates initiatives across the Group's various business activities, with the support of General Management. It is closely monitored by the Board of Directors. This dedicated, interdisciplinary team engages with all of the Group's business lines, providing technical expertise to their various departments, and playing an instrumental role in terms of innovation, raising awareness and reporting. Christophe Kullmann, Chief Executive Officer, and Patricia Savin, Environmental Lawyer and President of the Orée Association, Director, bring CSR issues to the Board of Directors.

The operational deployment of the CSR policy is based on several structures: the **Sustainable Development Committee**, which meets monthly with Christophe Kullmann, Yves Marque (Chief Operating

Officer) and Jean-Éric Fournier (Sustainable Development Director), and gives progress updates on the CSR action plan, enacts measures to be taken to implement the sustainable development strategy and makes these decisions known to the Executive Committee and Board of Directors. In order to apply the strategy at the operational level, the Sustainable Development Director is in charge of a network of nearly thirty representatives within the Group. It organises or participates in business-line meetings with operational staff, in France, Germany and Italy, and takes part in **Italian and German sustainable development committees** which drive and relay CSR initiatives at the local level.

In connection with the environmental annexes, the Sustainable Development Director jointly chairs the **Sustainable Development Partnership Committees** with the asset manager and technical manager of the asset, as well as the representatives of the key account tenants involved.

■ Managing Sustainable Development at Covivio



2.2.5.3. Reliable performance in line with international standards

The tables presented in Section 2.7 provide an overview of the indicators used by Covivio to measure its environmental and social performance, particularly with respect to the targets that have been set. These indicators have been chosen based on international standards: the GRI Standards and its sector specific supplement CRES⁽¹⁾, EPRA's Best Practices Recommendations on Sustainability Reporting (SBPRs) as well as annual questionnaires such as the Carbon Disclosure Project (CDP) and the Global Real Estate Sustainability Benchmark (GRESB). The reporting scope for each business activity is detailed in Section 2.7. Covivio's CSR reporting undergoes two verifications by an external, independent third party (EY). The first confirms that Covivio's reporting is in line with the regulations (decree of 9 August 2017), the recommendations of the EPRA (sBPR), and the GRI Standards framework. The second verification relates to the Green Bond: allocation of funds, adherence to asset selection criteria, environmental performance monitoring, etc. This Covivio document reproduces both letters of assurance in Chapter 2.8.

2.2.5.4. A CSR strategy recognised by the non-financial ratings agencies

For many years, Covivio's sustainable development policy has been recognised internationally by non-financial rating agencies.

The success of the Green Bonds issued in 2016 and 2019 (2.3.4) are another example of the value of this policy and its results. Covivio has been selected in the following indices: DJSI World and Europe; Euronext Environment CDP; Ethibel Sustainability Index; FTSE4Good; Gaia Ethifinance; MSCI (rating AA); STOXX Europe Sustainability and Global ESG Impact; Vigeo-Eiris 20 France, 120 Europe, 120 Eurozone and 120 World indices. Also, Covivio regularly receives trophies and prizes in the various categories of CSR, including: "Best Statement of Non-Financial Performance, environmental category" in the Enterprise and Environment Prizes 2018, and a special prize in the AGEFI Corporate Governance Prize awarded by the jury during the General Meeting, 2018. Lastly, Covivio again received two EPRA Gold Awards in 2019 for its financial reporting and for its non-financial reporting.

2.2.5.4.1. Covivio obtained the best corporate rating (A1+) from Vigeo-Eiris

At the end of its sustainability rating that was sought from Vigeo-Eiris, Covivio obtained the maximum rating of A1+. Vigeo-Eiris, which has merged with Moody's, evaluates and analyses the sustainability performance and risks of companies with regard to more than 330 indicators. Covivio is the sector leader, with the best score obtained by a company in the "Financial services – Real estate Europe" sector and is seventh in Europe and the world (all sectors combined).

(1) CRES^D : Construction and Real Estate Sector Disclosures.

Change in non-financial ratings 2018-2019

		2018		2019
	VIGEO-EIRIS First ESG rating requested in 2019			A1+ Segment rank: 1/84 World: 7/4869
	Carbon Disclosure Project Participant since 2012	A	▲	A-
	ISS-ESG Prime rating since 2015	C	▼	C+
	GRESB (Global Real Estate Sustainability Benchmark) Green Star since 2013	86/100 (France Offices)	NA	80/100 (Group)
	DJSI World index since 2013, Europe index since 2016	62/100	▼	68/100
	Gaia RATING Included in the index since 2013	83/100	▼	90/100 Rank: 2/230
	Ecovadis Gold since the first rating in 2018	78/100	▼	81/100 Top 5%
		AA	▶	AA

2.2.6. An ambitious European CSR action plan

The CSR Europe 2015/2020/2025 action plan for Covivio's various activities is presented below. It is based on the major risks revealed by the CSR risk mapping conducted in 2019, in accordance with the framework of the Statement of Non-Financial Performance. The actions performed for risks deemed a lower priority but still important are also traced.

This action plan details, by activity, the main multi-year objectives and gives updates on the level of achievement of each of them. The various objectives are reported internally and are monitored at all levels of Governance of the Group.

FAMILY OF RISK	RISK	COMMITMENT	OBJECTIVES
SUSTAINABLE BUILDINGS	AREA 1: REDUCE PROPERTIES' ENVIRONMENTAL FOOTPRINT, MAINTAINING THEIR ATTRACTIVENESS AND RETAINING THEIR VALUE		
Obsolescence of stock, energy and carbon transitions, and resilient city	Asset obsolescence / Green value / Products anticipating societal changes	Improve the portfolio's environmental    	Hold green assets at : 100% R 100% 80% 100%
			Develop and restore green assets at: 66% 100% N/A
			Develop assets labelled for well-being 100% R
	Managing operating expenses (energy, waste, certifications)	Improve energy performance and reduce CO₂ emissions  	Reduce energy consumption in the portfolio as a whole -15% 2008/2020: -40% - Objective: 295 kWhpe/ m ² GIA/year 2010 / 2030 : -50% 2015 / 2030 : -30% Objective: 194 kWhpe/ m ² Nütz/year 2017/2025 : -15%
			2008/2020: -40% - Objective: 415 kWhpe/ m ² /year 2010 / 2030 : -50% (hôtels)
			Reduce CO₂ emissions: 2010/2030 : -34% R
			Objective: 20 kgCO ₂ eq/m ² GIA/year 2008/2020 : -20%
			Objective: 20.5 kgCO ₂ eq/m ² GLA/year 2015/2020 : -50%
			Objective: 29 kgCO ₂ eq/m ² Nütz/year 2017/2025 : -15%
			Objective: 33.6 kgCO ₂ eq/m ² /year 2008/2020 : -40%
		Lead the eco-transition  	Keep water consumption below: ≤0,5m ³ / m ² GIA/an ≤1m ³ / m ² GLA/an ≤1,5m ³ / m ² Nütz/an ≤2m ³ /m ² /an
			Reduce the production of waste from directly managed assets 2020/2030 : -15%
			Cut waste and promote recycling across 100% of the portfolio and 100% of development and renovation projects 100%



Challenge



Objective in progress



Objective met or exceeded

SCOPE	COMPLETION DATE	2019 COMPLETIONS	PROGRESS	CROSS-REFERENCE
France Offices	2025	• 83.8% green buildings at end-2019		2.3.1.3.1
Italy Offices	2020	• 90.4% of core buildings green at the end of 2019 (against 84.4% in 2018)		
Germany Residential	2022	• 72.5% green buildings at end-2019 (vs. 67.1% in 2018)		
Hotels in Europe	2020	• 100% of buildings certified HQE Exploitation by end-2019		
Hôtels Europe	2020	• 56.8% green buildings at end-2019 (vs. 51.5% in 2018)		
Commercial portfolio	2025	• 100% of buildings delivered in 2019 received HQE or BREEAM or LEED certification: 8 green assets delivered, i.e. 45,600 m ² and 682 rooms		2.3.1.3.2
Germany Residential	2025	• Completion of a first pilot operation for development of 106 housing units in Berlin (HQE certification)		2.3.1.3.3
Offices	2020 / 2030	• Covivio is experimenting with WELL labels on the Flow operations (Montrouge) and Symbiosis D (Milan), Osmoz for the renovation of the rue Jean Goujon building in Paris, and Fitwel following the renovation of Art & Co. (Paris). Its "well-being" labelling policy will be determined based on this experiment.		2.3.1.3.4
Group	2020 / 2030	• 321 kWhpe/m ² in 2019		
France Offices	2030	• 303 kWhpe/ m ² in 2019 -35% compared with 2008		2.3.2.2
Italy Offices	2030	• 131 kWhpe/ m ² in 2019 -33% compared with 2015		
Germany Residential	2025	• 225 kWhpe/ m ² in 2019 -1.3% compared with 2017		
Hotels in Europe	2030	• 369 kWhpe/ m ² in 2019 -46.5% compared with 2008		
Group: construction, operations, renovation	2030	• Carbon trajectory (Scope 1, 2, 3) approved by the SBT initiative: -34% by 2030 compared with 2010		2.3.2.3
France Offices	2020	• 13.8 kg CO ₂ eq/m ² in 2019 -45% compared with 2008		
Italy Offices	2020	• 12.8 kg CO ₂ eq/m ² in 2019 -69% compared with 2015		
Germany Residential*	2025	• 31.4 kg CO ₂ eq/m ² in 2019 -8.2% compared with 2017		
Hotels in Europe	2020	• 34.5 kg CO ₂ eq/m ² in 2019 -39.5% compared with 2008		
France Offices	2025	• 0.4 m ³ /m ² in 2019 -4.8% compared with 2008		2.3.2.4
Italy Offices	2025	• 0.71 m ³ /m ² in 2019 -23.7% compared with 2015		
Germany Residential*	2025	• 1.87 m ³ /m ² in 2019 +43% compared with 2015 (evolution of the representative panel)		
Hotels in Europe	2025	• 1.5 m ³ /m ² in 2019 -34.8% compared with 2008		
Group	2030	• 71% of directly managed buildings reporting on waste 15kg/m ² /year in 2019		2.3.2.5
Group	Permanent	• 100% of assets are fitted with selective waste collection systems.		

* Representative panel Objective linked to Covivio's Raison d'être manifesto (see 1.3.2).
 New objective from 2020.

FAMILY OF RISK	RISK	COMMITMENT	OBJECTIVES		
SUSTAINABLE BUILDINGS	AREA 1: REDUCE PROPERTIES' ENVIRONMENTAL FOOTPRINT, MAINTAINING THEIR ATTRACTIVENESS AND RETAINING THEIR VALUE				
Health/ Environmental safety/ Well-being	Security/ Environmental safety/ Regulatory compliance	Control health and safety related risks  	Manage health and environmental risks	NA	
		Improve accessibility  	Hold assets accessible to people with reduced mobility at:	80%	
SOCIETAL	AREA 2: CONTRIBUTE TO THE DISSEMINATION OF ECO-FRIENDLY PRACTICES AND TAKE AN ACTIVE ROLE IN CITY LIFE IN PARTNERSHIP WITH STAKEHOLDERS				
Sustainable and inclusive city	Responsible supply chain	Communication with suppliers and clients  	Obtain signatures on Responsible Purchasing Charter from all of our key suppliers(4)		
			Innovate with our suppliers on Group values		
	Quality of relations with external stakeholders (customers, suppliers, etc.)		Optimise tenant satisfaction 		
			Innovate with our clients 		
	Integration within the sustainable city	Action for a sustainable city  	Participate in initiatives to boost the regions		
			Co-construct a consistent and collaborative urban space  with our stakeholders		
			Promote human rights and equal opportunities 		
		Turn each site into a biodiversity driver 	Participate in the integration of biodiversity in cities  and conduct innovative initiatives on the subject		
			Own assets with good accessibility  	100% of assets located within a 10-minute walk from public transport	

Challenge Objective in progress Objective met or exceeded

SCOPE	COMPLETION DATE	2019 COMPLETIONS	PROGRESS	CROSS-REFERENCE
Group	Permanent	100% of sites are monitored and auditedPilot resilience audit of the capacity to resist main potential environmental shocks	◆◆◆	2.3.3
France Offices	2020	Ensured compliance with standards as part of every restructuring project 83.3% (in Group share value) of offices were accessible at the end of 2018	◆◆◆	2.4.1.5.2
Italy Offices	2020	Ensured compliance with standards as part of every restructuring project 99.5% (in value terms) of offices directly managed by Covivio in Italy accessible at the end of 2018	◆◆◆	
Group	2025	Responsible purchasing policy launched for France Offices starting 2010; completely updated in 2018 Experimentation launched for Italian Offices in 2019	◆◆	2.4.2.1
France Offices	Permanent	Participation in different work groups in partnership with suppliers: flexibility in terms of energy, carbon, immaterial value, etc.	◆◆◆	2.4.1.1
Group	Permanent	Satisfaction studies completed in France and Italy: average satisfaction rate higher than 90% Commitment to processing any client request in under 24 hours	◆◆	2.4.3.1
Group	Permanent	Development of new concepts in services: Covivio Immobilien application in Germany Launch of the MonBuilding application on the French multi-tenant office buildings	◆◆	2.4.3.2
Group	Permanent	Study on socio-economic impacts for all Group activities in Europe 15,100 jobs provided in 2018	◆◆◆	2.4.1.2.1
		Making our facilities a real part of the city by offering a range of urban amenities: co-working, connectivity, etc.: Symbiosis in Milan, Euratlantique in Bordeaux, Euromed in Marseille Creation of a Stakeholders' Committee starting in 2020 that will include teams, shareholders, customers, suppliers, city planners, etc.	◆◆	2.4.1.3.1
		Support for the principles and values of the UN Global Compact: Trophy for Best COP 2016 (France), publication of the first Group COP Advanced GC level from 2018 Creation, in 2020, of a Foundation which will group together all our actions in favour of equal opportunity and environmental protection	◆◆◆	2.2.1.4
Group	Permanent	First European mapping exercise of the Group's business impacts on biodiversity More than 75% of the sites studied at more than 1 kilometre from areas of ecological interest	◆◆◆	2.4.1.4
		230,000 m² of offices have the BiodiverCity or EcoJardin label Starting 2020, all new development projects will have green spaces (terraces, patios, roof tops, urban agriculture, etc.)		2.4.1.4.2
Group	2025	98.7% (in value) of assets located at less than 10 minutes by foot from public transport: 100% core France Offices / 98.3% Italy Offices / 96.5% Europe Hotels / 98% Germany Residential (representative sample)	◆◆◆	2.4.1.5.1

* Representative panel.

 Objective linked to Covivio's Raison d'être manifesto (see 1.3.2).

 New objective from 2020.

FAMILY OF RISK	RISK	COMMITMENT	OBJECTIVES	
SOCIAL	AREA 3: ADOPT INNOVATIVE POLICIES TO ENHANCE EMPLOYEES' SKILLS, MOBILITY, DIVERSITY AND CAPACITY TO ADAPT TO A CHANGING ENVIRONMENT			
Quality of human capital	Skills / Attractiveness / Diversity	Develop human capital  	Attract, develop and retain talent	
			Promote diversity and equality	
			Improve the quality of life at work and achieve work-life balance	
			Measure the well-being of teams every two years 	
		Be exemplary in the application of our CSR values 	Cut CO ₂ emissions generated by our employees	
			Make every employee a player in sustainable development	
			Involve employees in the Group's commitments 	
GOVERNANCE	AREA 4: GUARANTEE AN ETHICAL AND TRANSPARENT FRAMEWORK TO ENSURE EXEMPLARY PRACTICES AT ALL LEVELS OF THE COMPANY			
Effective and ethically-aware governance	Fraud/ Corruption/ Ethics	Conduct effective governance  	Optimise the performance of the Board of Directors	
			Remain the leader in terms of the transparency of our business activities reporting	
			40% women on the Board of Directors	
		Promote ethical values 	45% de membres indépendants siégeant au Conseil d'Administration	
			Disseminate and share ethics/anti-corruption best practices with all employees	
	Data protection/ Smart building	Improve the connectivity of buildings 	Develop innovation and undertake forward-looking studies with a view to value creation	
			Provide a high level of connectivity in our buildings 	
			Carry out pilot tests relating to the introduction of systems for the remote monitoring of consumption (smart metering)	

Challenge Objective in progress Objective met or exceeded

SCOPE	COMPLETION DATE	2019 COMPLETIONS	PROGRESS	CROSS-REFERENCE
		994 employees (51% women and 49% men) of which 91% are on open-ended contracts - Sharing of know-how and knowledge at Group level and increasing the number of cross-sector projects between the three European entities	◆◆◆	2.5.1.2
Group	Permanent	Ex-aequo programme: raising employee awareness about gender equality; mentoring programme benefiting 19 French, Italian and German employees	◆◆◆	2.5.1.4
		Quality of Life at Work in France and use of teleworking	◆◆◆	2.5.2.1
		Employee satisfaction survey conducted in 2019 at Group level	◆◆	2.5.1
	2020	- Production of first corporate carbon footprint study at Group level in 2017 2.88 teqCO₂/employee in 2018	◆◆	2.5.2.3.1
Group	Permanent	Many initiatives implemented: Sustainable Development Week, visits to exceptional sites, green meetings	◆◆	2.5.2.3.3
Group	Permanent	- Employee involvement in different actions: Palladio, Article.1, Passerelle, etc. - From 2020, employees will be able to dedicate, each year, one solidarity day to take part in a societal project identified by the Foundation in order to expand the Group's commitments.	◆◆	2.4.1.3.3
		Annual evaluation of the members of the Board of Directors, plus a formal assessment of the Board every three years	◆◆◆	2.6.1.2.3
Covivio	Permanent	Compliance with the best international standards: EPRA, AFEP-MEDEF, GRI, SASB, etc.	◆◆◆	2.6.1.1
		40% female members on the Board of Directors since 2017	◆◆◆	2.6.1.2.2
Covivio	Permanent	60% independent members on the Board of Directors since 2017	◆◆◆	2.6.1.2.1
Group	Permanent	- Update and dissemination of the Ethics Charter to all Group employees 100% of employees trained in these principles	◆◆◆	2.6.2.1
Group	Permanent	Studies carried out in partnership with the non-profit organisations SBA, Orée, Alliance, HQE-GBC, IFPEB, etc. on various topics: BIM, BOS, biodiversity, AVC, energy flexibility, carbon, etc.	◆◆	2.4.1.3
Group	Permanent	- Riverside in Toulouse, first building labelled R2S in France 3 Wellio buildings certified WiredScore, at 31 December 2019, 3 buildings awaiting R2S or WiredScore labelling	◆◆	2.6.3.1
Group	2022	- Implementation of a supervision system for core commercial buildings under direct management 2029/2020: completion of 21 pilots in France, 1 in Germany and 2 in Italy	◆◆	2.6.3.1

* Representative panel.

🔗 Objective linked to Covivio's Raison d'être manifesto (see 1.3.2).

■ New objective from 2020.

2.3. SUSTAINABLE BUILDINGS

More than ever, buildings may be confronted with the risk of obsolescence, with a resulting loss of value, if they do not meet the challenges related to ecological and digital transformations or do not sufficiently take into account societal changes or the need for flexibility and services (2.3.1). In addition to these challenges which affect the attractiveness and liquidity of buildings, CSR risk mapping carried out in 2018 at Covivio underscored the importance of properly managing operating expenses (energy, waste, certifications) both in terms of property operating costs (such as reducing the consumption of energy, water, etc.) and reducing the asset's environmental footprint (2.3.2). This section also covers a third risk which relates to environmental safety, regulatory compliance in relation to asbestos, legionella, soil pollution, etc. (2.3.3).

Covivio's portfolio strategy has for many years responded to these risks to turn them into opportunities (2.2.4) to develop, own and manage service sector assets (Offices in France and Italy, Hotels in Europe) and residential assets (mainly in Germany). As at 31 December 2019, the value of assets held by Covivio amounted to €24 billion (€16 billion Group Share). The Group drives its growth through an active portfolio rotation policy with €1.5 billion in investments (including €900 million of acquisitions) and €1.2 billion in disposals in 2019, in addition to a pipeline of new projects

totaling €8 billion at the end of 2019 (€6.6 billion Group Share), of which €2.2 billion (€1.8 billion Group Share) is already committed. This pipeline is broken down in the table below. It is composed of major development operations, renovations and even roof-raising work, in relation to portfolios in operation and existing assets. This constant renewal of the property portfolio has enabled a shift towards low-carbon real estate, taking into account emerging issues, including digital technology, new energies, biodiversity, soft mobility, sustainable and resilient cities and the circular economy.

■ Continuous adaptation of the portfolio (in Group Share)

	Number of projects		Surface areas ⁽¹⁾ (m ²)		Preleasing		Production cost ⁽²⁾		Yield target ⁽³⁾	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
European pipeline										
Committed projects	22*	23*	312,127 m ² & 790 rooms	403,070 m ² & 108 rooms	64%*	54%*	€1,252 m	€1,794 m	6.1%	5.9%
Managed projects	17*	29*	796,800 m ²	898,800 m ²	N/A		€3.0 billion	€4.8 billion		

* Excluding Germany Residential.

(1) Surface area at 100%.

(2) Including land and financial costs.

(3) Yield on total rents including car parks, restaurants, etc.

As part of the implementation of its pipeline, Covivio is working to adapt its portfolio to a trajectory compatible with the 2°C scenario set forth in the Paris Agreement of 2015 on climate change. For this, Covivio has set itself ambitious objectives and action plans coherent with its activities in Europe, which consider the risks related to climate change. Climate risks was also the subject of particular attention in 2019, with the production of a dedicated report, are also discussed below according to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Alignment with the recommendations of the TCFD

Governance

The governance and organisation of Covivio is organised so as to strategically address climate issues:

- The Board of Directors controls the risks and opportunities related to climate change by monitoring the CSR performance of the Company, and the strategic policies given to the Group. The Chief Operating Officer is responsible for sustainable development and climate change issues within the Board.
- The Sustainable Development Department proposes and coordinates, with the support of General Management, initiatives concerning the fight against climate change in the Group's activities. The Sustainable Development Department is, together with the "Europe" Executive Committee, in charge of deploying the Group's strategy to implement the Group's objectives in climate matters.

Strategy

Climate-related risks

Risks	Description of risks	Potential financial impact	Covivio's strategy	Indicators monitored
Physical risks				
Extreme (medium-term)				
Climatic phenomena: • Storms • Hail • Fires • Floods • Drought	Material destruction, including the destruction of assets. Disruption of transport. Difficulties in the supply of water and power.	Construction: • Loss of assets • Costs of repair or replacement • Construction delays Operation: • Loss of assets • Loss of value • Interruption of activity	Gradual adaptation of the portfolio Targeted resilience studies Choice of location Switching assets	Reporting on environmental risks Share of certified assets
Temperature variations: • Heat wave • Cold wave	Loss of thermal comfort. Risk to the health of tenants	Construction: • Dimensioning heating/cooling installations • Additional costs Operation: • Increase in operational costs • Drop in occupancy rates • Drop in rents	Analysis of the dimensioning of equipment/installations Regulatory monitoring and anticipation	Energy consumption CO ₂ emissions
Chronic (long-term)				
Increase in temperatures	Drop in air quality. Proliferation of insects. Destruction of green spaces.	Operation: • Operational costs	Biodiversity charters BiodiverCity label Green spaces objective	Energy consumption CO ₂ emissions
Rise in water levels	Submersion of assets	Operation: • Loss of assets • Interruption of activity	Switching assets Choice of location Targeted resilience studies	Study on the submersion of the portfolio/statistics
Risks of transition				
Political and legal (medium-term)				
Energy taxation Fossil fuels/carbon	Implementation of carbon taxation on construction, on carbon-emitting buildings and fossil fuels.	Construction: • Increase in costs Operation: • Increase in costs	Low carbon construction policy Calculation of the CO ₂ impact of the choice of materials	Percentage of green buildings
Regulatory developments	Risk of non-compliance	Operation: • Legal risks leading to penalties and excess costs	Calculation of the CO ₂ impact of energy efficiency actions	Amount of penalties
Development of the market (long-term)				
Obsolescence	Loss of attractiveness of the portfolio	Operation: • Increase in operating costs • Drop in liquidity	Refurbishment policy	Percentage of green buildings
Economic slowdown	Drop in purchasing power	Operation: • Inability to pay rent	Diversification policy	Revenue per activity/per country, etc.
Demand for 'green' buildings	Reputational risk	Operation: • Loss of attractiveness of assets	Certification of buildings	Percentage of green buildings

The labels and certifications obtained by Covivio represent medium-term opportunities by making Covivio more competitive and attractive in a market confronted with climate change. They anticipate the subject of taxonomy (the definition of

"green" assets, eligible for sustainable finance mechanisms) by providing transparency and comparability on criteria shared at the international level by the profession and by the SRI (Socially Responsible Investment) sector.

Risk management

In 2018, Covivio updated its risk mapping at the Group level, including all its subsidiaries and activities. The results were presented to, and shared with the Covivio Audit Committee in September 2018. This presentation enabled the Company to take stock of the improvements made in terms of risk management for which specific action plans had been defined and implemented.

A CSR risks mapping, produced by the Sustainable Development Department in coordination with the Internal Audit and Control Department and validated by the Executive Committee, identified the inherent and residual risks to which Covivio's activities are subject.

Of the risks identified, the "Asset obsolescence/Green value/Products anticipating societal changes", "Control of operating expenses" and "Safety/Environmental safety/Regulatory compliance" risks are related to climate risks. The plans to manage these risks are specified in their respective sections.

Indicators and Objectives

Covivio's various CSR objectives are presented in the CSR action plan in the introduction to this document (2.2.6). The state of progress of these objectives is detailed in the parts concerned, notably the main indicators related to Covivio's strategy for the fight against climate change:

- energy intensity of the assets (2.3.2.2): 321 kWhpe/m² as of 31 December 2019 > Objective -15% by 2030 (vs. 2020)
- greenhouse gas emissions generated by the activity (2.3.2.2): 26.7 kgCO₂/m² as of 31 December 2019 > Objective -34% by 2030 (vs. 2010)
- greening of the European portfolio (2.3.1.3): 84% of green buildings as of 31 December 2019 > Objective 100% by 2025.

Fundamental for the activity of the Group, the work carried out to prepare the 2030 carbon trajectory and the objectives arising from it are presented below.

Carbon footprint of the activity

The priority of Covivio's climate strategy consists of reducing its residual carbon footprint and that of its tenants in compliance with the "2°C scenario". Tools have been developed for the managers of buildings and the technical department to calculate the financial and carbon impact of energy efficiency actions carried out on the portfolio. These tools including various stages of the life-cycle: construction (impact of the choice of materials, etc.), operation, etc., were developed for the asset managers and technical department for this purpose. This strategy will in due course, be supplemented by a study on carbon neutrality.

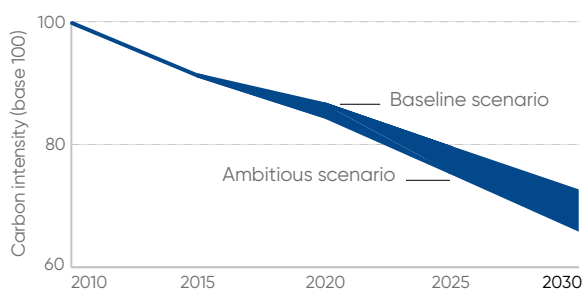
At the end of the work that began with the CSTB in 2017, Covivio calculated its carbon trajectory for all its activities in Europe (Offices, Hotels and Residential). Covivio's carbon objectives cover both new buildings (development), work carried out on the existing assets (renovation/refurbishment) and portfolios in operation (multi-year work plans and the energy consumption of buildings).

Two prospective scenarios for 2030 were constructed, in order to take into account the changes likely to impact Covivio's carbon performance, whether they be internal or external. This was done by modelling in seven separate areas: roadways, pipes, conduits and cabling; infrastructure; superstructure; building shell; finishing work; equipment; and local energy production. An innovative process of carbon intensity modelling has been adopted to monitor the carbon intensity performance of the Group on a floor area basis.

This work has led to the definition of an ambitious commitment to reduce greenhouse gas emissions:

- reducing greenhouse gas emissions by 35% per square metre directly managed by Covivio (Scopes 1 and 2) by 2030 compared with 2017
- reducing greenhouse gas emissions by 34% covering a wider scope that includes the construction and operation of the entire European portfolio (Scopes 1, 2 and 3) by 2030 compared with 2010.

2030 trajectory of average carbon weight per m² (construction + restructuring + operation) (Summary of Covivio's various business lines in Europe)



CLIMATE OBJECTIVES APPLAUD BY THE SBT INITIATIVE

In 2018, the Science Based Targets initiative (SBTi) approved Covivio's 2030 objectives to reduce greenhouse gas emissions in line with the "2°C scenario" of the Paris Agreement. The Science Based Targets initiative stems from a collaboration between CDP (Carbon Disclosure Project), the UN Global Compact, WRI (World Resources Institute) and WWF (World Wide Fund for Nature). The initiative assesses and verifies companies' targets to reduce greenhouse gas emissions to ensure compliance with the "2°C scenario".

■ Key performance indicators for sustainable buildings (as at 31/12/2019)

"ASSET OBSOLESCENCE/GREEN VALUE/PRODUCTS ANTICIPATING SOCIETAL CHANGES" RISK

90.4%
OF CORE OFFICES
GREEN IN FRANCE

72.5%
OF GREEN OFFICES
IN ITALY

100%
OF GERMAN RESIDENTIAL
BUILDINGS CERTIFIED FOR OPERATION

56.8%
OF GREEN HOTELS
IN EUROPE

"MANAGING OPERATING EXPENSES" RISK

321 kWhpe/m²
AVERAGE ENERGY
INTENSITY

26.7 kgCO₂e/m²
AVERAGE CARBON
INTENSITY

100%
ASSETS BENEFITING
FROM SELECTIVE COLLECTION

"SECURITY/ENVIRONMENTAL SAFETY/REGULATORY COMPLIANCE" RISK

100%
TERTIARY ASSETS BENEFITING FROM MONITORING
AND INSPECTION FOR HEALTH AND SAFETY

<2%
OF BUILDINGS AT RISK FROM A ONE
METER RISE IN WATER LEVELS

2.3.1. Asset obsolescence/Green value/Products anticipating societal changes

To avoid the obsolescence of Covivio's portfolio is led thanks to high level of ambition concerning the design and management of buildings. To achieve this, Covivio develops buildings with very good accessibility (2.4.1.5.1) that meet stringent requirements in terms of connectivity, comfort and well-being. The buildings are designed to offer maximum flexibility to accommodate different types of users and organisations and assist tenants with their changing needs over the long term. Open to the city, their gardens and terraces have been designed to be drivers of biodiversity (2.4.1.4). Eco-designed and then eco-managed, the buildings developed or renovated by Covivio provide solutions tailored to each user, while ensuring greater integration of the building into its environment.

Identified as a major inherent risk as part of the CSR risk mapping exercise (2.2.4.2), the "Asset obsolescence/Green value/Products anticipating societal changes" topic covers a range of challenges that are central to the Company's concerns and portfolio strategy. If these challenges are not met, the Company could be exposed to myriad adverse impacts, including owning certain assets with little potential for creating value; loss of the portfolio's attractiveness or the need for additional work due to a lack of maintenance and upkeep; and competitive disadvantages due to a lack of certification or poor locations. To respond to the potential risks and better anticipate their impact, Covivio anticipates

regulatory changes and meets the highest international standards in terms of construction and service, with strong long-term partnerships that rely on a good understanding of each and every client, their needs and those of the market (2.2.3.1). By managing the entire value-creation chain, Covivio ensures that the quality of its buildings meets both client and market expectations. Lastly, by putting people and CSR at the centre of each project, Covivio optimises the value of its assets and the Company's reputation by participating in the transition towards a more circular, low-carbon economy and factoring in resilience issues (2.3.3.1) to better adapt its portfolio to climate change.

2.3.1.1. Improving client satisfaction

Regular listening to our clients, by conducting thematic surveys, reveals market trends and new requirements. In 2019, 1,300 of our clients present in some twelve buildings were contacted to give their opinions and explain their expectations. Following this survey, the range of services in Covivio's buildings was adapted to take into account the themes expressed, including:

- the issues of comfort and environmental certification
- the services available in the buildings: reception and concierge services, catering, etc.
- issues related to accessibility of buildings in relation to public transport
- the digitisation of buildings.

In line with all of these requests, Covivio's whole service policy has been redesigned according to the expectations for service and comfort that are found in the hotel sector: buildings having a concierge service, well-being spaces, multiple types of areas and concepts for catering, etc. During 2020 and 2021, several high-profile buildings in Covivio's portfolio will be renovated or delivered according to these new service standards, including:

- in 2020, Carré Suffren in Paris (25,000 m²) will have an entirely redesigned services offer
- in 2021, Silex2 in Lyon (31,000 m²), a new tower in the La Part-Dieu business district, will have several areas for catering, a flexible Wellio offer and leisure areas planted with trees.

2.3.1.2. Co-inventing new commercial and residential real estate

In several programmes developed by Covivio, emphasis has been placed on mixed functions: offices, co-working areas, residential, ground-floor shops, hotels and co-living. This new market trend is reflected in Covivio's numerous operations: N2 Batignolles in Paris, Symbiosis in Milan and Alexanderplatz in Berlin. These programmes are designed for the purpose of cooperation with stakeholders and contribute to strengthening the attractiveness and influence of the districts in which they are built.

Covivio's spaces are designed to improve the user experience, provide substantial flexibility and anticipate changes in the construction industry to meet the needs of other uses. This strategy is based on six values that reflect and embody Covivio's client culture, namely agility, responsiveness, anticipation, all-round expertise, transparency and proximity. These values characterise Covivio's products and services in its three business areas: Offices, Residential, Hotels.

2.3.1.2.1. Coworking, a different way of working

Innovation, though the real estate solutions that Covivio co-builds with its stakeholders, plays an active role in combating obsolescence, protecting values and improving product safety and efficiency. The Wellio pro-working areas, a brand developed by Covivio in its buildings, offer companies of all sizes the option to use the number of work positions adapted to their requirements, in collective or private spaces, with great flexibility in terms of

duration of occupation, surface area, number of offices and meeting rooms, services, etc. In line with the Group's strategy, the Wellio areas are laid out in Covivio's new or refurbished buildings and meet the highest international standards, notably in terms of well-being and respect for the environment. The users of these new services are both new clients of Covivio and key account tenants of areas in a building where they appreciate having flexibility in their occupation (receiving/grouping a team working in project mode, pooling services and meeting rooms, etc.).

ACCELERATION OF THE DEVELOPMENT OF THE WELLIO FLEXIBLE OFFICES OFFER

Aimed at both large and medium-sized companies, who all wish to be able to have places of work that meet the current needs of their employees, the Wellio offer now includes five sites with a total of 15,200 m² (one site in Marseille, one site in Bordeaux and three sites in Paris). The occupancy rate in the sites open for more than one year has already reached 99%. By 2022, approximately 30,000 new square metres will be available in Paris, Lyon and Milan. This Milan site will be the first Wellio area outside France, in a high-profile building in the Italian portfolio, with LEED Gold certification.

2.3.1.2.2. Co-living, a different way of living

To support new ways of life, Covivio Immobilien launched a co-living solution in 2017. Halfway between a hotel and a traditional flat share, co-living apartments provide an "at home" experience, with a fitted kitchen, modern décor, quality furniture and wi-fi connection. The aim is to create a friendly space for students and young employees who want to move in for a given time, and give them the option to meet other people from different backgrounds. Favouring dynamic districts with good public transport services, Covivio Immobilien now manages 200 rooms under the Covivio to Share brand. The aim is to set up an online rental system for booking and paying for rooms. A new way of thinking about housing in large cities where new needs are emerging, this concept creates value for Covivio's portfolio and promotes a spirit of community that addresses key social issues.

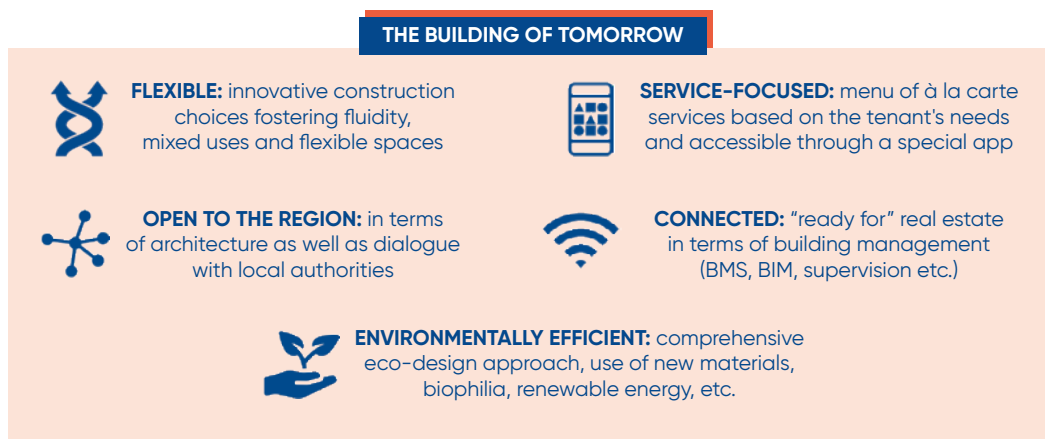
2.3.1.2.3. New concepts, a different way of travelling

In the hotel sector, Covivio has forged partnerships with chains that make it possible to develop concepts that are both innovative and consistent with a new way of travelling. For example, by inaugurating the first MEININGER hotel in France in November 2019, Covivio is strengthening its partnership established in 2014 with the German brand. MEININGER differentiates itself with a hybrid hotel product, which combines the services and comfort of an economy hotel with the best international standards. For its first French establishment, emphasis was placed on the design of a dynamic and environmentally-friendly living area, fully integrated into its district. As part of the "A Work of Art for Every Building" approach, Covivio, an active stakeholder in this programme, selected the work "Parure infinie" created by Jules Levasseur. Lastly, in line with the CSR ambitions of both partners, the hotel is HQE "Very Good" certified.

2.3.1.3. Beyond construction standards

For many key account tenants, energy and environmental performance has become a prerequisite that impacts on their choice of location. In addition, new criteria, which contribute to the well-being of their employees, are becoming increasingly important when choosing locations: communal spaces and quality use of spaces (flex office, co-working, etc.), a wider range of services (fitness, concierge services, etc.), building connectivity and widespread Wi-Fi coverage, accessibility for people with all

kinds of disabilities, proximity to nature, accessibility by public transport and soft modes of transport. Covivio is taking these new expectations into account in the development, management and renovation of its buildings, by going beyond construction standards through certifications and labels (2.3.1.4) in addition to innovative solutions that exceed legal obligations and anticipate regulatory changes. For Covivio, the building of tomorrow is both sustainable and smart and must simultaneously display the following five features:



These characteristics were defined in 2017 by a dedicated internal working group composed of representatives of the Technical, Innovation, Sustainable Development, Asset and Property Management departments. A grid showing the innovation criteria constituting the building of tomorrow was created. Each renovation or development project is compared with these standards by the Investment Committee, to ensure compliance with the strategic and essential criteria defined by Covivio and to incorporate, where appropriate, additional features in terms of sustainability.

COMMITMENT TO THE WELL-BEING OF CLIENTS

People in the northern hemisphere spend 90% of their time in an interior environment. A building has an impact on health and well-being, due to its temperature, indoor air quality, the quality of its lighting, noise and the amount of green space. By aiming for better construction standards, Covivio seeks to optimise the comfort and well-being of building users. In accordance with the objectives set out in Covivio's mission statement, from 2020, all new office development projects will aim for a well-being-related label. Covivio has begun the WELL labelling process for Flow development operations in Montrouge (23,500 m²) and Symbiosis D in Milan (18,600 m²), Osmoz for the renovation of its future Paris head office at Rue Jean Goujon (8,500 m²) and St-Ouen So Pop (30,000 m²), and Fitwel for Art&Co (13,600 m²). These labels make it possible to measure and improve the human factors considered during the construction (WELL, OsmoZ) and management (Fitwel) of a building.

2.3.1.3.1. Accelerating the transition to the circular economy

The design and management of Covivio's buildings address the challenges posed by the circular economy as ways to consistently implement its CSR policy. The aim of a circular economy⁽¹⁾ is to separate economic growth from the depletion of natural resources by creating innovative products, services, business models and

public policies. According to the French Circular Economy Institute, this includes "extending the life of materials (reuse, recycling) and products (eco-design without in-built obsolescence) throughout the life of a product or service."

Awareness-raising initiatives are underway with teams in France, Italy and Germany, to integrate circular economy priorities into the Company's day-to-day business. The use of sustainable and more easily recyclable materials is now widespread in Covivio's practices, in line with the environmental certifications targeted by the Group. For example, as part of Covivio Immobilien's renovation projects, glass wool and other recyclable materials are systematically used to insulate facades and roofs. In addition, all of these priorities are covered by targets set out in the certifications Covivio hopes to obtain for its development projects, such as HQE Target 3: "Low-impact work site", with respect to optimising waste management, minimising on-site noise and other forms of pollution and reducing on-site resource consumption.

In Italy, a partnership with *Politecnico di Milano* (2.4.1.3) has resulted in the creation of a database that contains a wide range of sustainable building materials. Available on the University's Intranet site, the database is constantly updated with new sustainable materials, bringing them to the attention of the technical teams.

In addition, Covivio conducted a "Cradle-to-Cradle" study (C2C) at a pilot project site: Motel One Porte Dorée. The concept of "cradle-to-cradle" underlies the idea that in the future, raw materials used in the construction of new buildings will be largely taken from deconstructed buildings. This study resulted in a C2C guide that is used to select virtuous, healthy materials that provide added value by protecting the health of the building's occupants. To continue to make progress towards a circular economy, Covivio takes part in projects with organisations (Orée, IFPEB, etc.), suppliers and universities. This work paved the way for the study conducted jointly with the CSTB on the carbon trajectory of Covivio's strategic portfolios (2.3 – introduction).

(1) http://www.institut-economie-circulaire.fr/Qu-est-ce-que-l-economie-circulaire_a361.html

THE RENOVATION OF THE SAINT-OUEN – SOPOP SITE

Following Citroën's departure from the Saint-Ouen site, Covivio organised the demolition of this 20,000 m² building in an innovative way, before starting construction on more than 30,000 m² of offices. This demolition occurred after the works contract was formalised via blockchain-type* digital exchanges. Also, a specific audit of all equipment that could be reused or recycled was carried out before clearance. The list of equipment was uploaded to a dedicated online platform (Cycle Up) to be sold, in order to give it a second life. This prevented equipment that was still in working order from being thrown away and promoted employment and supported local organisations (associations, start-ups and local authorities). During the construction phase, it is planned that 3,000 m² of suspended ceiling will come from the circular economy sector, i.e. 10% of the total covering.

2.3.1.3.2. Optimising the management of development and operation through BIM (Building Information Modelling)

BIM builds a comprehensive and consistent 3D building database and maintains it throughout the lifetime of a project: design, completion, operation, and deconstruction. BIM also improves operational management of the building by facilitating interior design and access to fixtures (geolocation of equipment). As part of a circular economy approach, BIM is also a tool that enables traceability of materials and equipment so they can be reused. Covivio already owns buildings constructed using BIM and most of its recent development projects now use this technology.

At the end of 2019, 71% (by surface area) of development operations over 10,000 m² in France and Italy were implemented with the help of BIM i.e. seven operations representing more than 140,000 m².

In 2018/2019, Covivio, IFPEB, EIFFAGE Construction and SETEC Bâtiment were the winners of the "Digital Transition Plan for Buildings" call for projects. The project aims to answer the question: How to transfer BIM information from the design phase to the management, operations and maintenance phase (BIM-GEM) as well as BIM-GEM's vision and definition. This multi-disciplinary team began by considering feedback from the EIFFAGE Campus in Vélizy, which is owned by Covivio. It helps contracting authorities to formalise their needs at the end of implementation of a new structure, to move from design information to operating information. The findings of this study were presented in December in the presence of many professionals.

The buildings developed and renovated by Covivio are designed to meet the needs of demanding users, particularly as regards digital technology and connectivity. Tenants are responsible for having the necessary wiring installed depending on their business and needs. However, the building must provide every facility in this regard and not limit the tenant to only one operator. New labels now characterise the connectivity of buildings, to fulfil the expectations of users in this regard: WiredScore and R2S (Ready to Service), an initiative of SBA and run by Certivea (certifier) and Alliance HQE-GBC. Covivio has tested R2S as part of the construction of a 11,300 m² office building located along the Canal du Midi in Toulouse. Delivered in 2018 and designed around three components (attractiveness, accessibility and well-being),

this asset located on Boulevard de la Marquette is one of the pilots used for testing R2S and the first to have obtained this label.

2.3.1.3.3. Laying the groundwork for the "Smart City" of the future

Buildings will gradually become part of the energy grid. As both generators and consumers of energy, smart buildings will form an integral part of smart grids at the neighbourhood, town and city levels, therefore having a role as part of larger networks. Covivio is involved in energy flexibility studies, in partnership with IFPEB⁽¹⁾, RTE and Enedis, to lay the groundwork for the smart city of the future. For Covivio, it is not just about technical solutions, but ensuring cities create greater well-being for their citizens and are more resilient to the climatic shocks to come.

On 7 December 2017, in the presence of the French Secretary of State, Julien Denormandie, Covivio signed the **"Connected, cooperative, human-centred buildings"** Charter, introduced by the French Ministry for Regional Cohesion, with the support of Alliance HQE-GBC and SBA, of which Covivio is an active member. This Charter establishes a definition framework for the digital building and aims to encourage voluntary approaches for the deployment of connected and communicative buildings in France. Its objectives are consistent with Covivio's main focus areas:

- offering digital services that meet user needs
- increasingly integrating the Internet of Things (IoT) into buildings
- providing an optimal Internet connection for users
- paying particular attention to the issue of cyber-security and respect for personal data
- improving access to digital building infrastructure in order to respond to technological change.

2.3.1.4. Towards 100% certified buildings

Since its first development project, the Dassault Systèmes headquarters completed in 2008, Covivio has chosen to measure the performance of its new buildings through global, internationally recognised certifications, such as HQE, BREEAM or LEED. Likewise, in order to improve the performance of its assets already in operation, Covivio has the HQE Exploitation, BREEAM In-Use and ISO 50001 certifications to highlight the quality of its energy management. Furthermore, certain tenants use labels that are particularly suited to their activities, notably in the hotel sector.

In addition to helping to create certain labels, Covivio is also a pioneer in testing new standards, such as Level(s), which was launched in 2017 by the European Commission to promote sustainable construction and the transition to the circular economy. An investor at the European scale, Covivio is one of the few players who are testing this new system, which is based on various indicators (energy, water, carbon, etc.) and on a common language. At the end of 2019, this label was still at the experimental stage.

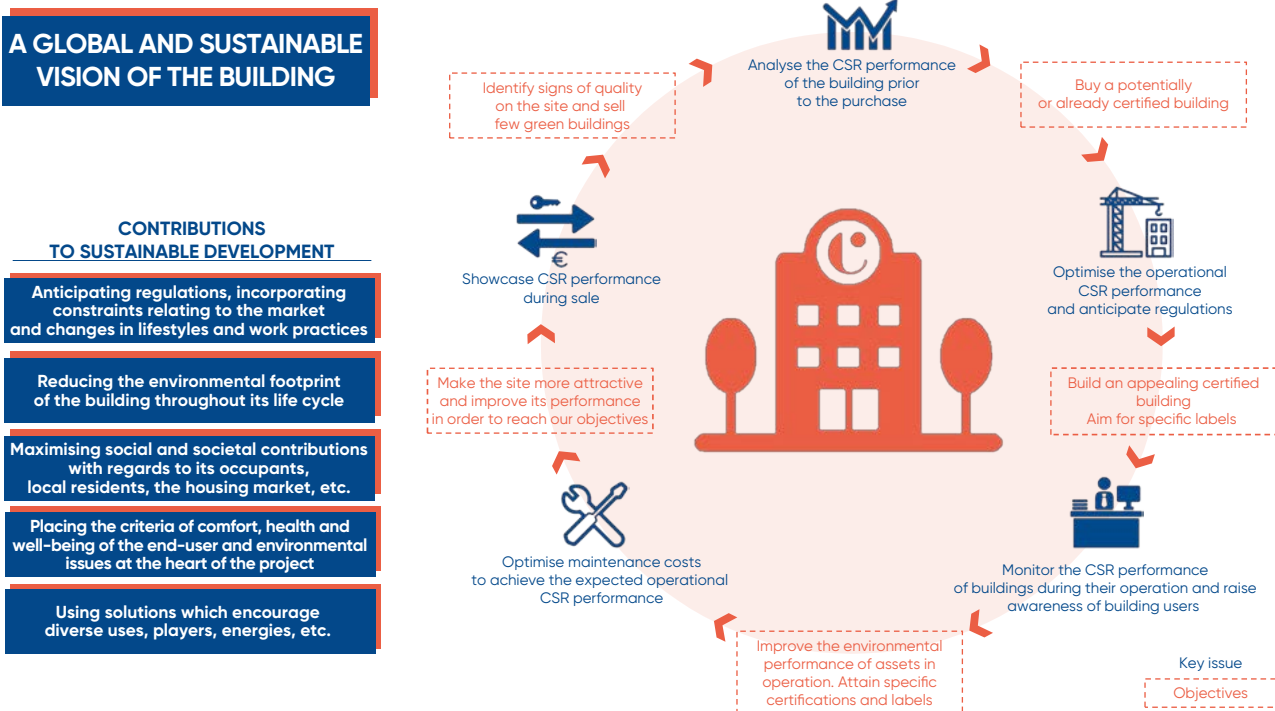
For Covivio, the reliance on certifications and labels meets a dual requirement of transparency and accountability. Performance against this indicator is monitored as part of monthly internal CSR report and plays a decisive role in development, upgrade and asset replacement policies. This indicator is also used in calculating the variable share of the remuneration of the corporate officers and managers concerned.

* Blockchain is defined as "a technology for the storage and transmission of information that is transparent, secure and functions without a central control body"⁽¹⁾, which simplifies and secures the document signature procedure.

⁽¹⁾ <https://blockchainfrance.net/decouvrir-la-blockchain/c-est-quoi-la-blockchain/>

⁽¹⁾ The French Institute for Building Efficiency (IFPEB).

The diagram below sets out the sustainable development contributions and the objectives pursued by Covivio in its portfolio's greening strategy.



2.3.1.4.1. Improving the environmental performance of our assets at 31 December 2019

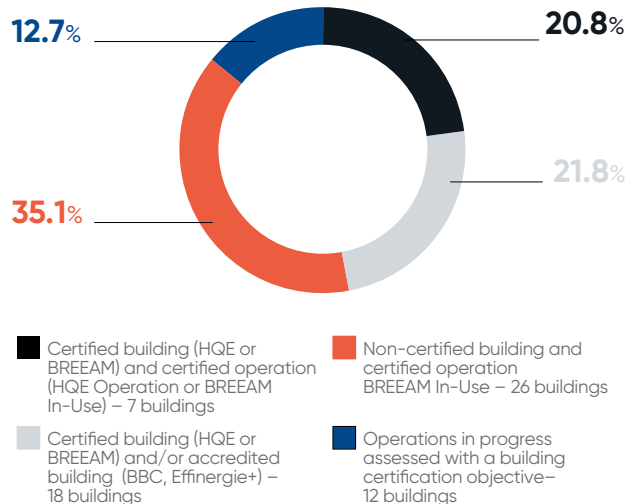
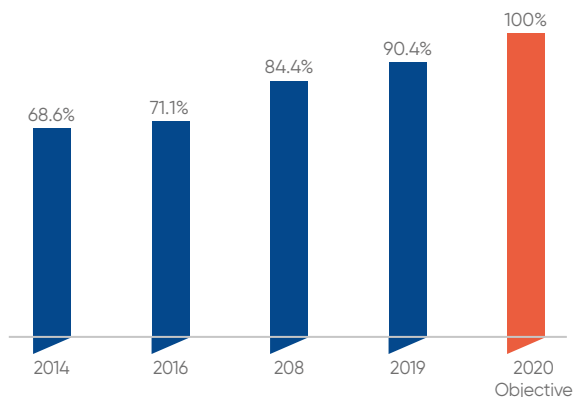
Covivio has set itself the objective of holding 100% green assets by the end of 2025, following on from the 2010-2020 objectives specific to each activity: 100% of the Core France Offices portfolio by the end of 2020, 80% of the Italy Offices portfolio by the end of 2022, 100% of the German Residential portfolio by the end of 2022 and 66% of the Hotels portfolio by the end of 2020. At 31 December 2019, 83.8% of the Group's assets were certified for their construction (HQE, BREEAM, LEED) or their operation (BREEAM In-Use, HQE Exploitation, etc.). By exceeding regulatory standards, Covivio helps to create an offer corresponding to the new expectations of the market, particularly in large European cities such as Paris or Milan, which have started their environmental transition.

In addition to these global certifications, new labels have been created that focus on a building's performance in terms of specific issues, namely energy with BBC renovation, Effinergie+, E+C-; carbon footprint with BBCA (2.3.2.3); biodiversity with BiodiverCity (2.4.1.4); connectivity with R2S or WiredScore (2.3.1.3); and well-being and health with Well or OsmoZ. Covivio is regularly a pioneer in testing these labels and has even taken part in drafting some of them whenever they are appropriate to a planned renovation or development project (typology, features, etc.) and client expectations.

Changes to the greening rates of the different portfolios

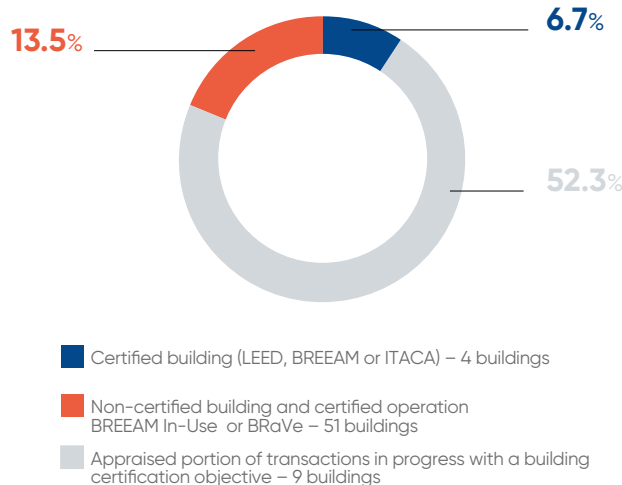
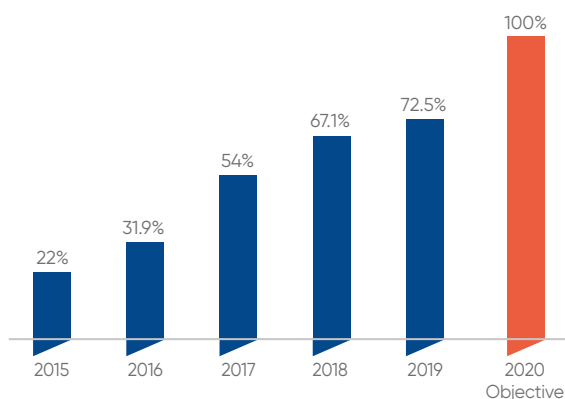
France Offices

■ Share of green buildings and breakdown by type of certification (by value Group Share as at 31/12/2019)



Italy Offices

■ Share of green buildings and breakdown by type of certification (by value Group Share as at 31/12/2019)



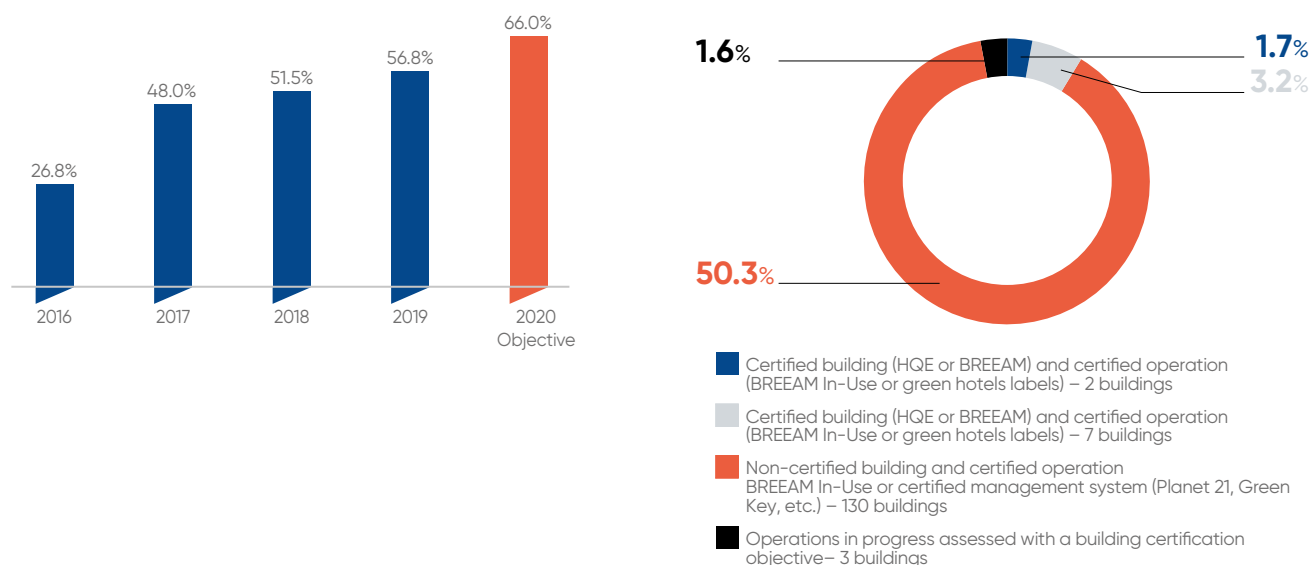
Germany Residential

In 2018, Covivio Immobilien began a process of certification of the whole of its residential portfolio according to the standard NF Habitat HQETM which can qualify the environmental performance of assets. This approach involves setting up a management system that is regularly evaluated and based on four commitments: responsible management of a developer's project organisation; quality of life; respect for the environment; and economic performance. Certification of the whole of the portfolio was obtained in December 2019 following 481 on-site inspections (about 500 other sites will also be inspected in 2020) and a management audit, which revealed the high quality of the portfolio and its management.

Covivio Immobilien is also testing the HQE Sustainable Building certification for the Berlin Biesdorf development. With very good access to public transport and numerous green spaces nearby, this project consists of 106 housing units over four new buildings with ground floor and two or three floors in a residential zone where Covivio already owns eight buildings.

Hotels in Europe

Share of green buildings and breakdown by type of certification (by value Group Share as at 31/12/2019)



The greening of the hotel portfolio is aided by the environmental commitment of the tenants, who are large operators developing their own Sustainable Development strategies. Most have established systems equivalent to environmental operation certifications, like Planet 21 for Accor or Green Engage for IHG, or use labels specific to hotels (Green Key, Green Hotel) and leisure (Green Globe).

ALEXANDERPLATZ: A HIGH-PROFILE ADDRESS IN BERLIN AND A SHOWCASE OF COVIVIO'S KNOW-HOW

As the owner of a large plot of land at Alexanderplatz, including the Park Inn hotel, Covivio's goal is to create a new destination of choice in the heart of Berlin: a mixed-use high-rise building covering 60,000 m², with around 26,700 m² of office space, 21,900 m² of retail space and 11,400 m² of residential space. The project also includes co-working, co-living and relaxation spaces with a rooftop garden, restaurants and food corners, as well as a wide range of services dedicated to user well-being, such as nurseries and fitness centres.

The details of Covivio's various development projects in progress are available at covivio.eu/fr in the Projects section.

2.3.1.4.2. Profile of the environmental certifications obtained and targeted for the commercial assets

The table below presents the various levels of certification obtained or targeted for the projects developed by Covivio. The main certifications adopted for the construction or renovation phase are HQE (exclusively in France), LEED (exclusively in

Italy) and BREEAM. One asset has also been ITACA certified as level Good in Italy. These certifications cover various themes concerning integrating environmental and social issues into development projects.

Summary of certifications obtained and targeted for commercial projects developed by Covivio

HQE	Level	Good	Very good	Excellent	Outstanding	TOTAL
513,570 m ² certified	Number of assets	1	9	20	5	35

BREEAM	Level	Pass	Good	Very Good	Excellent	Outstanding	TOTAL*
501,784 m ² certified	Number of assets	3	9	14	4	0	30

* Of which 16 assets are also HQE certified.

LEED	Level	Certified	Silver	Gold	Platinum	TOTAL
106,905 m ² certified	Number of assets	0	1	5	5	11

2.3.2. Managing operating expenses (energy, waste, certifications)

The CSR risk mapping carried out by Covivio in 2018 underscored the importance of managing operating expenses, especially owing to the implications in terms of client satisfaction. The expenses relate to energy, water, waste and certifications for buildings in operation. They intersect on these points with broader environmental challenges that also affect both cities and regions.

As Covivio is both the owner/landlord and often the developer of its own buildings, issues concerning operating expenses are addressed from the beginning of the project, and then for any asset replacement which is carried out during its construction and, of course, during the management phase. Obtaining environmental certification (HQE, BREEAM, LEED) for 100% of projects under development enables high levels of performance to be achieved, notably in terms of consumption of energy and water. Covivio also often chooses to supplement these certifications with specific labels, notably on energy with *effinergie+*, BBC or ISO 50001 for buildings in operation. In addition, these initiatives reduce the financial consequences that might arise if a carbon tax is introduced. In return, the

in-use certification process generates costs through property and facility management fees and auditing and certification fees (certification body, support services). Nevertheless, these certifications are a sound investment as energy and water prices can be expected to continue to rise. In addition to energy, carbon and water performance, in-use certifications (HQE In-Use, BREEAM In-Use) also cover other issues, namely the environment, quality of life, responsible management, etc. As early as 2010, Covivio believed that these certifications were a tool relevant to monitoring and improving its portfolio's CSR performance. Feedback is very positive, in terms of momentum created with tenants and suppliers, and the improvement of the environmental performance of buildings.

2.3.2.1. Improving the portfolio's environmental performance

Improving the portfolio's environmental performance aims to reduce its footprint in terms of energy (2.3.2.2), carbon (2.3.2.3), water (2.3.2.4), and waste (2.3.2.5), as well as to increase its occupants' comfort and well-being, through the choice of materials, the quality of space and air in the building and the care given to issues such as proximity to nature and services.

2.3.2.1.1. Certifications to measure and improve

Performance is improved through in-use certifications, as set out in the introduction of this section and referred to in the presentation of the portfolio's greening strategy (2.3.1.4). In addition, dedicated tools are used to monitor performance, in order to obtain a higher score each time the certification is renewed.

For example, Covivio's teams in Italy use the BRaVe rating system for several assets (new or renovated) with the aim of achieving an AA rating. This rating system was developed in 2008 by *Politecnico*

di Milano to take into account energy and environmental performance, the characteristics and management of equipment, safety and security criteria and communication to tenants, and it facilitates the certification process (<http://www.braverating.com>).

Since 2017, Covivio has been among the first companies in Europe that took part in the "BREEAM In-Use Volume Sampling" pilot project in partnership with BRE Global. Tested in 22 Italian office buildings, the project defined an effective methodology in order to certify the environmental management of a portfolio in operation.

2.3.2.1.2. A proactive works policy

When carrying out work in buildings (upkeep, equipment replacement, modernisation, etc.), the solutions adopted play a role in improving the environmental and energy performance of the portfolio.

For example, for the portfolio of offices directly managed by Covivio in Italy, the following amounts were committed to carry out renovation and maintenance work:

Thermal insulation (walls and façades)	Windows	BMS	Heat pumps	HVAC	Air conditioning	Photovoltaic panels	LED
€250,746	€2,030,683	€488,361	€226,161	€2,411,863	€256,901	€32,906	€10,650

Given the volume of residential assets held in Germany, the energy renovation programmes for buildings are spread over several years in line with the Group's targets for reducing energy consumption and greenhouse gas emissions. In 2019, the value of renovations improving the environmental performance of assets reached €17 million. More specifically, this work plan resulted in the

replacement of energy-intensive equipment, the installation of double or triple glazed windows (1,719 apartments in 2019) and the insulation of façades and roofs. In addition, the German teams systematically choose to connect to the urban heating network when conditions permit. If this is not the case, the team opts for more energy-efficient boilers.

2.3.2.2. Energy trajectory

The energy and environmental mapping performed on assets is updated on an annual basis. Based on a set of twenty indicators, this mapping enables Covivio to set out its objectives in terms of its portfolio's energy and carbon performance (2.2.6).

2.3.2.2.1. Main indicators at the Group level

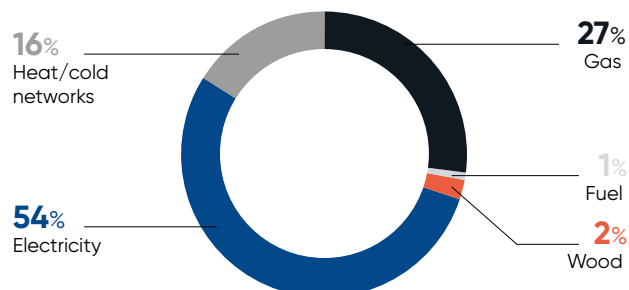
REPORTING SCOPE: 2,232,311 M²

Consumption of final energy: 420,867,964 kWhfe ⁽¹⁾

of which the share of renewables: 12%

Consumption of primary energy: 716,756,640 kWhpe

Energy intensity of the assets: 321,1 kWhpe/m²



2.3.2.2.2. Change in the energy consumption of the various portfolios

In France, after 10 years of waiting, the "tertiary" decree was published in July 2019, in relation to the ELAN law⁽²⁾. The lines of this decree have been drawn up, but the two supplementing decrees are not yet published. The tertiary decree requires that all buildings, parts of buildings or building complexes with at least 1,000 m² of floor area reduce their energy consumption by 40% by 2030, 50% by 2040 and 60% by 2050. Covivio has anticipated these measures and is making energy performance one of its major objectives for all of its European portfolio.

To continue to make progress, in 2019, the Group began to set up a monitoring platform, the Delta Dore PowerBat portal, which collects consumption data in real time. The analysis of these data will be carried out with the help of an energy manager, initially for the portfolio in the first development phase: a pilot site in Germany (Covivio's offices in Berlin), two in Italy (the first two buildings delivered under the Symbiosis operation) and the 21 buildings managed directly by Covivio's property management teams in France.

In France, two initial energy performance contracts were signed, which contribute to providing innovative and concrete solutions to mobilise the chain of actors to reach the multi-year objectives that the Group has set itself. Initial results are encouraging.

For the CB21 tower at La Défense, a drop in energy consumption of 18% was recorded between 2018 and 2019.

In Italy, Covivio has appointed *Politecnico di Milano* to conduct an advanced energy audit of the portfolio, based on site inspections and a review of the various energy equipment. The audit report of the first six representative assets selected showed the energy efficiency of each site and highlighted areas for improvement, which could also be included in work plans.

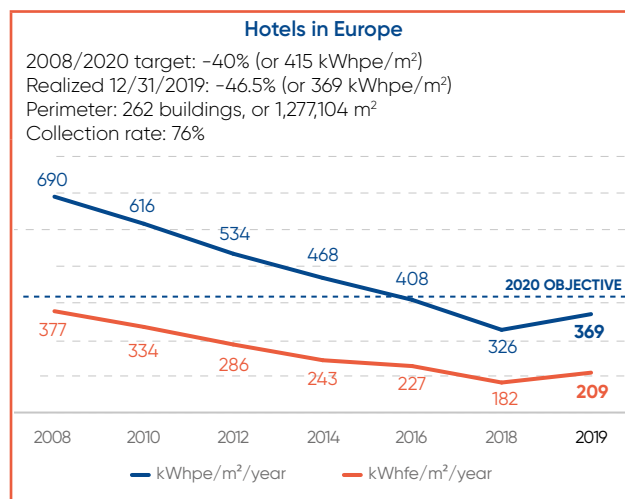
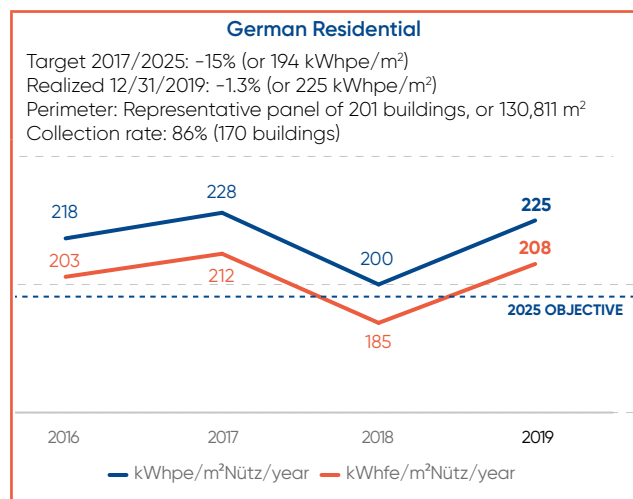
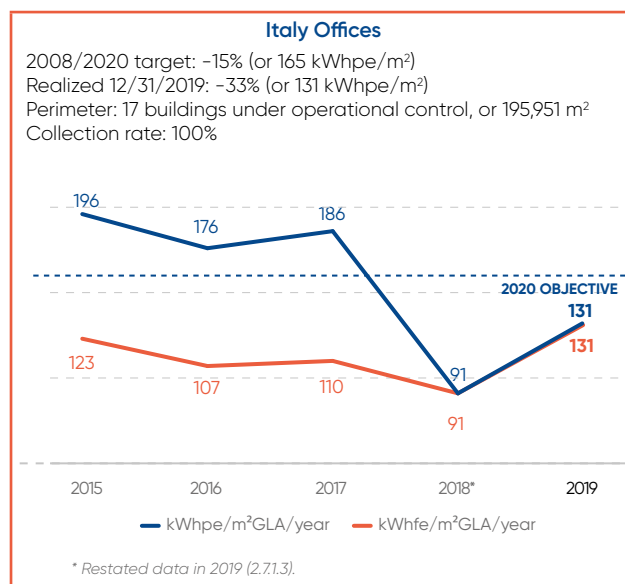
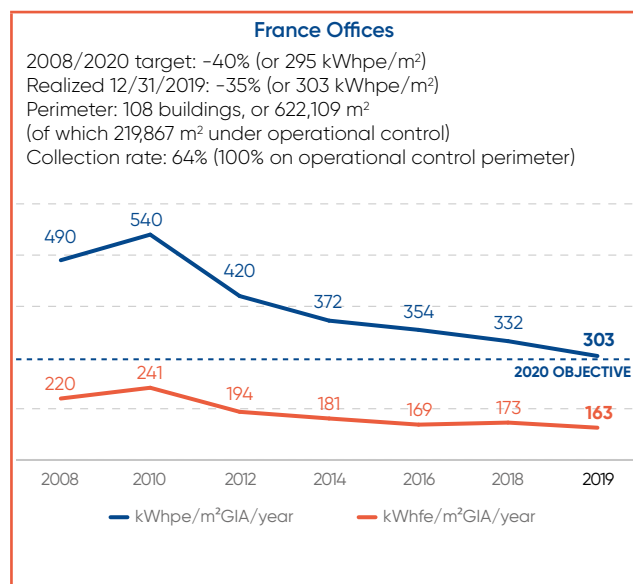
The following graphs show the change in energy consumption and the progress towards the objectives set for each portfolio.

The graphs below show the energy consumption history of the four portfolios analysed. The trajectory observed for the France offices portfolio shows again a significant decrease in consumption, thanks to the measures explained above. With regard to the offices portfolio in Italy, consumption trends in 2019 are linked to disposals which have led to a reduction in the number of buildings under direct management, as well as a reduction in the vacancy rate. The increase in consumption in the German portfolio is inherent in the evolution of the portfolio in 2019 to take into account the acquisition of buildings in operation whose energy performance has not yet been the subject of actions by the technical services of Covivio. The energy consumption ratio of Covivio Hotels' portfolio is increasing as a result of the acquisition of high-end facilities that offer many services and use gas and fuel oil for heating.

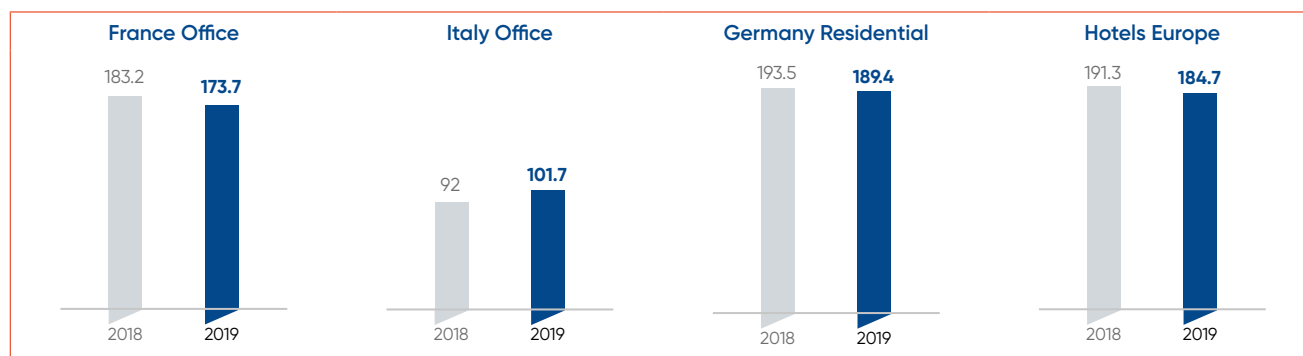
(1) By extrapolating the consumption of the representative panel to the entire German residential portfolio, energy consumption would amount to 524,287,910 kWhpe, or an energy intensity of 201.5 kWhpe/m² (2.7.1.4).

(2) The Law of 23 November 2018 on changes to housing, development and digital matters, or the ÉLAN law.

The following graphs show changes in energy consumption and the progress of the targets set for each portfolio.



Change in energy consumption on a like-for-like basis for the portfolios (in kWh/m²)



2.3.2.2.3. Energy performance diagnostics

In accordance with the European Directive on the energy performance of buildings and its transposition into national law in the countries where Covivio operates, the Group ensures that energy performance diagnostics are carried out on its buildings (*Energieausweis in Germany, Attestato di Prestazione Energetica in Italy*). As the methodologies adopted by each country are different, it is difficult to make comparisons between performance levels. Particular attention has been paid to the change in the

score obtained following a renovation, to assess the gain in energy performance.

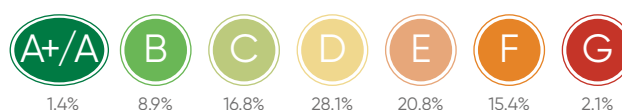
RATE OF DIAGNOSTICS PERFORMED PER ACTIVITY

Core Offices France = 93.5% by value/95.7% by surface area
Offices Italy = 91.3% by value/88.7% by surface area
Germany Residential = 97% by value/97.4% by surface area
Hotels France = 85.4% by value/85.2% by surface area

Focus on the Energieausweis of the German residential portfolio

At 31 December 2019, 40,049 housing units were subject to an *Energieausweis* (Energy Performance Certificate) and in total had the following scores:

Share of housing units per score obtained in the Energy Performance Certificate (by number of housing units)



Ultimately, just over 55% of housing units that were subject to the diagnostic obtained a score of between A+ and D.

2.3.2.3. Low-carbon transition

The greenhouse gas emissions presented below are inherent to energy consumption in the operation of buildings, while the data presented in the introduction to 2.3 cover the whole of their life cycle. The variations take into account the energy mix and conversion coefficients assigned to each energy type. By setting ambitious objectives, which are in line with the Group's strategy, and reiterated in connection with its mission statement, Covivio's aim is to continue its activity in the trajectory of a maximum of 2°C and where possible to reach 1.5°C. To achieve this, after having calculated its carbon trajectory in 2017/2018, Covivio is working during 2019/2020 on developing its action plan, again in coordination with the CSTB, and participates in various working groups, particularly:

- the hub of low-carbon specifiers, directed by the IFPEB⁽¹⁾, with the support of Carbone 4, pools analysis resources for those choosing low-carbon solutions in the building sector. Two tools are already available to participants in the platform:
 - an analysis database from the E+C- observatory: how are high-performance buildings constructed today?
 - a tool for analysing materials: which materials should be chosen to lower the carbon footprint while limiting the extra cost?
- the Sekoya platform, launched by Immowell Lab and Eiffage and which brings together a number of key players. It is the first carbon & climate platform dedicated to low-carbon materials and techniques.

(1) <https://www.ifpeb.fr/2019/11/25/hub-de-prescripteurs-bas-carbone/>

2.3.2.3.1. Main indicators at the Group level

REPORTING SCOPE: 2,232,311 M²

Total GHG emissions: 59,502 tCO₂e⁽¹⁾

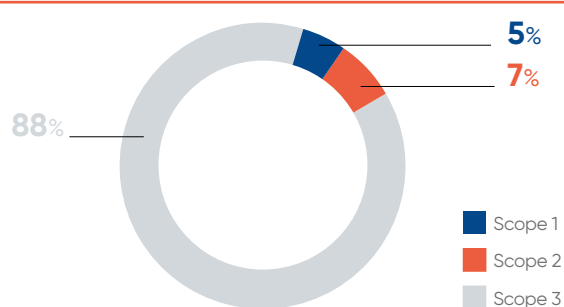
Of which corporate scope emissions: 837 tCO₂e

Scope 1: 3,107 tCO₂e

Scope 2: 3,818 tCO₂e

Scope 3: 52,576 tCO₂e

Carbon intensity of the assets: 26.7 KGCO₂E



2.3.2.3.2. Change in the greenhouse gas emissions of the various portfolios

The ratios set out below have been calculated by the CSTB based on energy consumption data collected from Covivio's various portfolios. These calculations include greenhouse gas emission ratios specific to each country and climate adjustments to allow data to be compared between years (2.7.1). Reporting scopes for each portfolio are the same as those referred to in the section on energy (2.3.2.2).

The significant drop in emissions seen in 2018 is partly explained by the update to energy emissions factors, particularly that of electricity. In keeping with a conservative approach, the emissions factors were not updated during the previous fiscal years. The considerable reduction in the carbon intensity of electricity production in Italy and France, particularly during the last decade, coupled with the desire to comply with the most widespread market practices, led to this update in the 2018 registration document.

France Offices

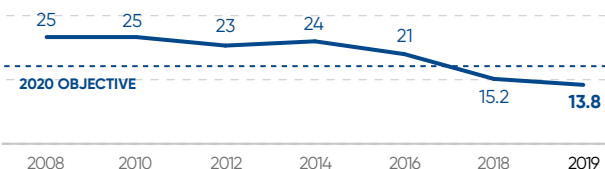
2008/2020 target: -20% (or 20 kgCO₂e/m²)

Realized 12/31/2019: -45% (or 13.8 kgCO₂e/m²)

Perimeter: 108 buildings, or 622,109 m²

(of which 219,867 m² under operational control)

Collection rate: 64% (100% on operational control perimeter)



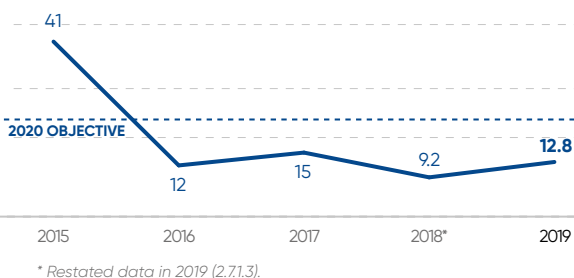
Italy Offices

2008/2020 target: -50% (or 20.5 kgCO₂e/m²)

Realized 12/31/2019: -69% (or 12.8 kgCO₂e/m²)

Perimeter: 17 buildings under operational control, or 195,951 m²

Collection rate: 100%



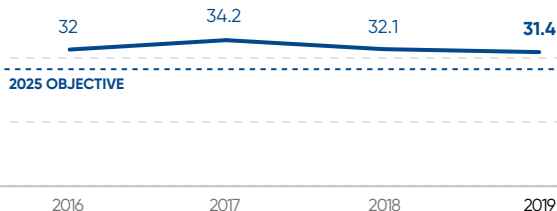
German Residential

Target 2017/2025: -15% (or 29 kgCO₂e/m²)

Realized 12/31/2019: -8.2% (or 31.4 kgCO₂e/m²)

Perimeter: Representative panel of 201 buildings, or 130,811 m²

Collection rate: 86% (170 buildings)



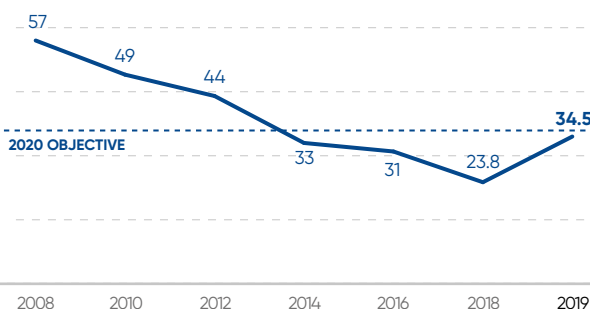
Hotels in Europe

2008/2020 target: -40% (or 33.6 kgCO₂e/m²)

Realized 12/31/2019: -39.5% (or 34.5 kgCO₂e/m²)

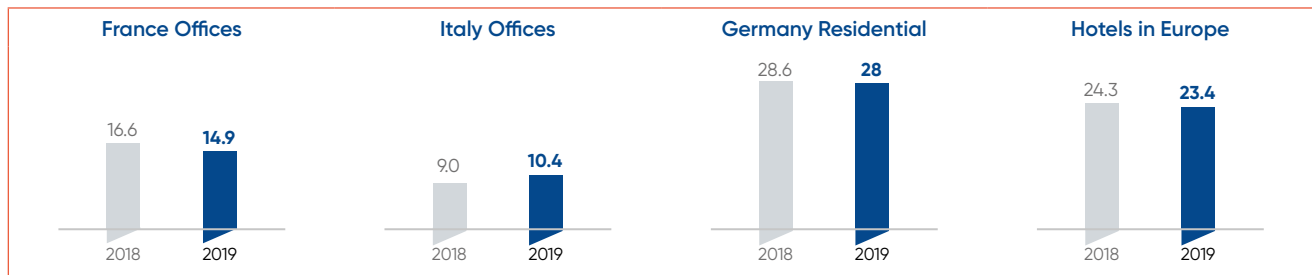
Perimeter: 262 buildings, or 1,277,104 m²

Collection rate: 76%



(1) By extrapolating the emissions from the representative panel to the entire German residential portfolio (2,601,871 m²), the total GHG emissions would amount to 73,532 tCO₂e, or a carbon intensity of 28.3 kgCO₂e/m².

■ Change in GHG emissions on a like-for-like basis for the portfolios (in $\text{kg eq CO}_2/\text{m}^2$)



2.3.2.3.3. Harnessing renewable energy

Renewable energy has great potential to reduce the carbon footprint of a building. In the different countries in which Covivio operates and in its various projects, the use of renewable energy has been carefully studied to determine the opportunities it provides taking into account environmental specificities and the regulatory context.

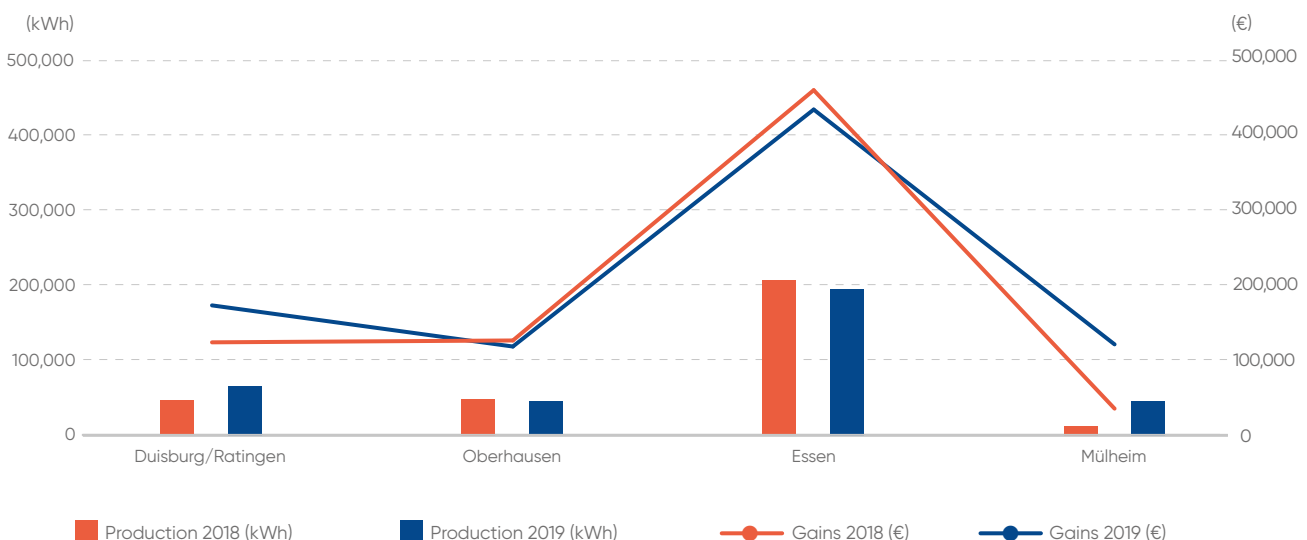
The decision to enter into a green energy supply contract was made, in line with tenant expectations, for the Group's assets, particularly Tour CB21 at La Défense in France. In Italy, Covivio has entered into a green electricity supply contract for all its directly-managed assets since December 2015. Several sites were also equipped with thermal solar panels (domestic hot water) or photovoltaic panels (production of renewable energy).

Use of geothermal energy is also widespread, through innovative initiatives such as Massileo® in Marseille, a warm water system managed by Dalkia, which supplies the buildings with hot and cold water based on 100% renewable energy from ocean energy thermal conversion.

The case of photovoltaic production on the German residential portfolio

47 residential buildings are equipped with photovoltaic panels in Germany. An investment made by Covivio since 2012 (with an average cost of €436/m², excl. VAT, depreciated over nine years on average), has enabled development of know-how in the field, and anticipated the shift in regulations towards passive buildings. 22 new photovoltaic systems were installed in 2019, enabling a production increase of 14% between 2018 and 2019.

■ Evolution of production and gains related to photovoltaic production for the German residential portfolio



Covivio's technical teams systematically examine all possible solutions, starting with heating and cooling networks. Since 2014, Covivio Immobilien has chosen, when possible, to connect its buildings to urban heating networks that use co-generation. This solution is particularly viable in cities such as Berlin, Oberhausen and Mülheim, where Covivio owns numerous assets. These renovations also provide an opportunity to implement new solutions, like the Tours Garibaldi in 2010, which were equipped with 804 m² of photovoltaic panels on the façades and solar water heaters on the roof.

2.3.2.3.4. Life Cycle Analyses (LCA)

Covivio has carried out Life Cycle Analyses (LCA) since 2010 in order to quantify the environmental impact of projects at each stage of their life cycle (extraction and manufacture of materials, operation and ultimately deconstruction). These LCAs are carried out by analysing six modules (materials, energy, water, travel, building sites and waste). In 2013, Covivio commissioned France's first LCA on a property renovation (Steel building, Paris 16th arrondissement) and in 2014, France's first LCA on a hotel (B&B Porte des Lilas). These studies were added to the HQE Performance programme and thereby contributed to the construction of a database used for purposes such as BBCA (low carbon building) certification.

To continue to progress in the analysis of the performance of its buildings, Covivio has asked the CSTB to write LCA specifications that can be used in different European countries and for its

various activities: office, residential and hotel. This document will enable Covivio to facilitate the comparison of its buildings and monitor its 2030 carbon trajectory.

2.3.2.4. Water transition

Water is likely to become a major issue in Europe as climate change starts to be felt. Over the past 10 years, Covivio has prepared reports in this area, enabling it to monitor the objectives set for the operation of its assets. Water is mainly consumed by tenants, for cleaning the common areas and watering green spaces and, where applicable, by the operators of company restaurants or hotels. For each of its components, measures are adopted, which aim for greater frugality in the use of water.

2.3.2.4.1. Main indicators at the Group level

The figures below are calculated using the tables presented in 2.71.

Reporting scope: 2,237,757 m²
Total water consumption: 2,567,089 m³
Water intensity of the assets: 1,15 m³/m²

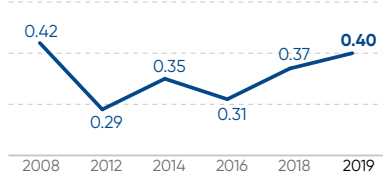
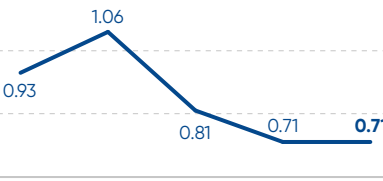
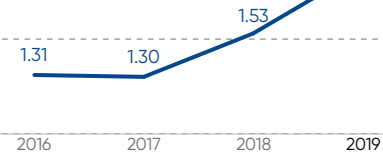
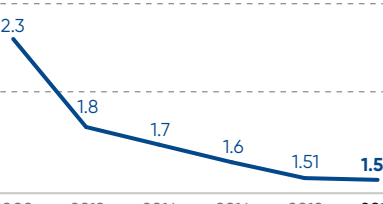
2.3.2.4.2. Change in the water consumption of the various portfolios

A building consumes water during its construction (concrete, cleaning, etc.) and then during the period of its operation (housekeeping, watering, company restaurant, etc.). Within Covivio's portfolio, reducing the water footprint involves the systematic use of water-saving installations (aerator taps, 3 litre/6 litre toilets, etc.), and closely monitoring consumption. Most of Covivio's new developments collect rainwater for watering plants, keeping the collected water out of the water infrastructure system and hence out of rivers and seas, ultimately helping to replenish water tables.

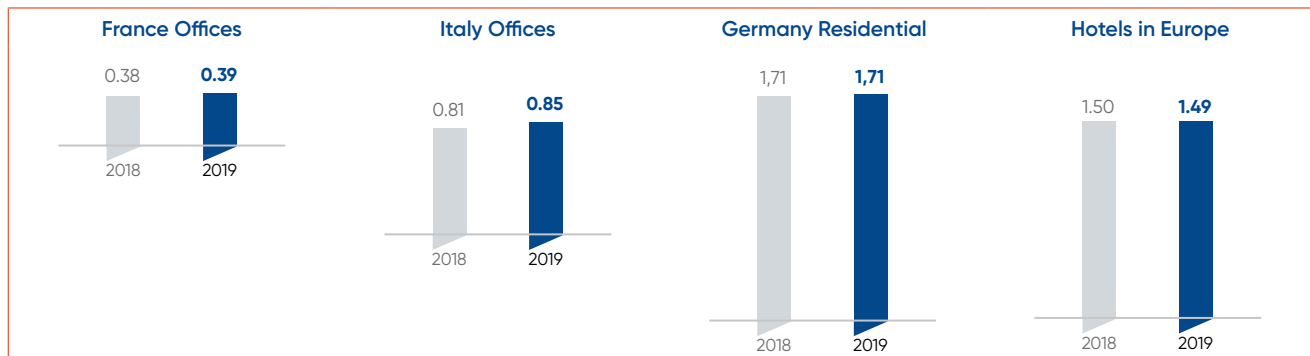
Water consumed by the assets in operation and during development comes exclusively from the municipal water networks. Covivio does not have to directly draw groundwater. On construction sites, water consumption is also monitored and measures are put in place to reduce it in the context of environmental certifications (2.3.1.3).

Of the four portfolios studied, only the water consumption ratio of German buildings is above its target (1.5 m³/m²/year), due to the consideration of new sites that will be investigated in this regard.

The table below presents the objectives and change in water consumption for the various portfolios (in m³/m²).

Portfolio	Objective: Maintain the water consumption under:	Water reporting perimeter in 2019	Water intensity in 30/12/2019	Evolution of the water intensity for each portfolio														
France Offices	0.5 m ³ /m ² /year	39 buildings 630,894m ²	0.4 m ³ /m ² /year	 <table><tr><th>Year</th><th>Water intensity (m³/m²/year)</th></tr><tr><td>2008</td><td>0.42</td></tr><tr><td>2012</td><td>0.29</td></tr><tr><td>2014</td><td>0.35</td></tr><tr><td>2016</td><td>0.31</td></tr><tr><td>2018</td><td>0.37</td></tr><tr><td>2019</td><td>0.40</td></tr></table>	Year	Water intensity (m ³ /m ² /year)	2008	0.42	2012	0.29	2014	0.35	2016	0.31	2018	0.37	2019	0.40
Year	Water intensity (m ³ /m ² /year)																	
2008	0.42																	
2012	0.29																	
2014	0.35																	
2016	0.31																	
2018	0.37																	
2019	0.40																	
Italy Offices	1 m ³ /m ² /year	16 buildings 175,594m ²	0,71 m ³ /m ² /year	 <table><tr><th>Year</th><th>Water intensity (m³/m²/year)</th></tr><tr><td>2015</td><td>0.93</td></tr><tr><td>2016</td><td>1.06</td></tr><tr><td>2017</td><td>0.81</td></tr><tr><td>2018</td><td>0.71</td></tr><tr><td>2019</td><td>0.71</td></tr></table>	Year	Water intensity (m ³ /m ² /year)	2015	0.93	2016	1.06	2017	0.81	2018	0.71	2019	0.71		
Year	Water intensity (m ³ /m ² /year)																	
2015	0.93																	
2016	1.06																	
2017	0.81																	
2018	0.71																	
2019	0.71																	
German Residential	1.5 m ³ /m ² /year	181 buildings 118,007m ²	1.87 m ³ /m ² /year	 <table><tr><th>Year</th><th>Water intensity (m³/m²/year)</th></tr><tr><td>2016</td><td>1.31</td></tr><tr><td>2017</td><td>1.30</td></tr><tr><td>2018</td><td>1.53</td></tr><tr><td>2019</td><td>1.50</td></tr></table>	Year	Water intensity (m ³ /m ² /year)	2016	1.31	2017	1.30	2018	1.53	2019	1.50				
Year	Water intensity (m ³ /m ² /year)																	
2016	1.31																	
2017	1.30																	
2018	1.53																	
2019	1.50																	
Hotels in Europe	2 m ³ /m ² /year	278 buildings 1,313,262m ²	1.5 m ³ /m ² /year	 <table><tr><th>Year</th><th>Water intensity (m³/m²/year)</th></tr><tr><td>2008</td><td>2.3</td></tr><tr><td>2012</td><td>1.8</td></tr><tr><td>2014</td><td>1.7</td></tr><tr><td>2016</td><td>1.6</td></tr><tr><td>2018</td><td>1.51</td></tr><tr><td>2019</td><td>1.50</td></tr></table>	Year	Water intensity (m ³ /m ² /year)	2008	2.3	2012	1.8	2014	1.7	2016	1.6	2018	1.51	2019	1.50
Year	Water intensity (m ³ /m ² /year)																	
2008	2.3																	
2012	1.8																	
2014	1.7																	
2016	1.6																	
2018	1.51																	
2019	1.50																	

■ Change in water consumption on a like-for-like basis for the portfolios (in m³/m²)



TRANSFORMING GREY WATER INTO ENERGY: THE CASE OF THE MEININGER PORTE DE VINCENNES HOTEL

As part of the development of the MEININGER Porte de Vincennes project, Covivio chose the contractor BIOFLUIDES to install an ERS® heat pump to recover thermal energy contained in grey water. Given the high environmental performance aimed for with this hotel and the extent of the water consumption related to the hotel activity, this technology has great advantages. This heat pump covers 100% of the production of domestic hot water and recycles the heat contained in waste water. As a general rule, the installation of the system provides a 40% reduction in energy consumption compared to a system without recovery, thus reducing the CO₂ emissions from operating the building.

2.3.2.5. Waste transition

Collecting data on waste removal is difficult because waste weighing systems are not available in most countries in which Covivio operates. Waste collectors designated by local authorities provide no data. The only data available concerns buildings for which a private service provider has been appointed to collect paper, cardboard, confidential paper and other non-hazardous industrial waste.

In the absence of information on the amount of waste collected, Covivio has systematically implemented selective waste collection (100% of selective collection in 2018 and 2019). Private companies are responsible for waste removal on certain sites, making it possible to monitor waste by tonnage, by type and

the percentage of waste recycled (2.71). Also, development and renovation operations are subject to rigorous control for the treatment of waste. Dedicated procedures are therefore put in place on construction sites to ensure recycling in accordance with the low pollution construction site charters put in place for the environmental certification of development projects.

In 2018, Covivio Immobilien employed waste managers for a number of its buildings, who work with tenants to raise awareness of recycling and improve waste sorting. These measures resulted in a reduction in the number of collection containers. Other initiatives have also been launched for the portfolio, particularly in terms of the circular economy (2.3.1.3) and the fight against food waste.

COMBATING FOOD WASTE: THE EXAMPLE OF CB21

In France, 29 kg of food is wasted every year per inhabitant, 25% of which is still packaged. At the La Défense business district level, we estimate that daily waste ranges from six to nine tonnes. Suez, the tenant of the Tour CB21 at La Défense, created a best practices guide in 2016, which listed the actions put in place in partnership with restaurant operators. The guide had a real impact and resulted in a joint operation with the five large tenants of the neighbouring towers, which decided to create the association "La Défense des Aliments". Six months after the first campaign of weighing food waste, waste was reduced by 23% thanks to the various awareness-raising actions put in place. At CB21, these actions include: food donations with the association "Le Chainon Manquant", a "waste meter" display campaign and sale by weight in restaurants, etc.

■ Summary of the consolidated environmental reporting of a construction site – MEININGER Porte de Vincennes

Offices surface area (m ² floor area)	8,000 m ² floor area
Energy consumed	352.6 MWh of which 1.78 MWh related to the site facilities
Water	1,499 m ³ of which 933.5 m ³ related to the site facilities
Non-hazardous waste – ordinary industrial waste (tonnes)	1,215 tonnes
• Of which % recycled/reused	79.9% (970.3 t)
• Of which % incinerated for energy recovery	21.1% (244.7 t)
• Of which % sent to landfill/waste disposal facility	0%
• Of which % managed by the local authority	0%
Green waste (tonnes)	2.4 tonnes
• Of which % recycled/reused	100% (2.4 t)
• Of which % incinerated for energy recovery	0%
Non-hazardous waste – Steel (tonnes)	2.4 tonnes
• Of which % recycled/reused	100% (2.4 t)
• Of which % incinerated for energy recovery	0%
Hazardous waste (tonnes)	0.1 tonnes
Inert waste (tonnes)	44.2 tonnes

2.3.3. Security/Environmental safety/Regulatory compliance

The "Security/environmental safety/regulatory compliance" risk has been identified as a top priority considering Covivio's operations. Security flaws in buildings or a lack of asset resilience might make Covivio unable to manage major crises that may result in a loss, accident, health risk or liability. Covivio implemented suitable procedures and indicators for its operations in Europe to deal with this risk several years ago. Health and environmental risks are monitored and managed on a daily basis through effective tools and dedicated teams, going beyond regulatory requirements. Underlying this risk, the issue of the portfolio's climate resilience is key and requires long-term thinking, in line with the Group's strategy.

Three factors must be considered to assess the regions' vulnerability i.e. regional interdependence, demographic growth and urbanisation and climate change challenges facing the regions under consideration.

The issue of urban resilience is relevant on various regional levels, namely buildings/blocks/neighbourhoods/cities/regions. A region is resilient provided that each one of its parts is strongly committed to such resilience, by providing the best solutions in terms of eco-design, accessibility, circulation, biodiversity, biomimetics, management of networks (energy, wastewater and rainwater) and communication systems.

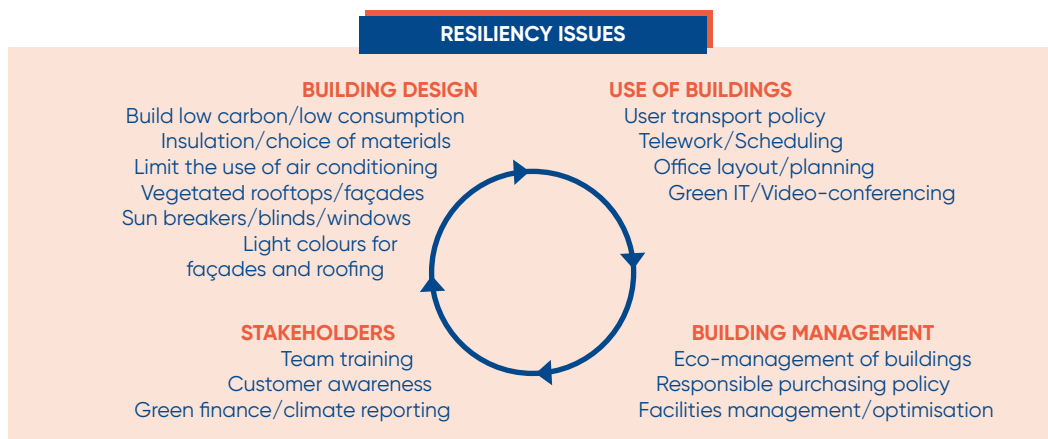
Covivio's response to the challenges of resilience are to reduce its environmental impact and adapt to climate change by anticipating its consequences. For the eco-design of its buildings

in Europe, Covivio makes every effort to opt for low-carbon building solutions (materials, systems), to insulate its buildings and protect them with awnings/blinds/glazing/green roofs and façades to enhance the night-time cooling effect, etc.

Resilience can also be improved by adapting how the building is used, through the involvement of users in the choice of leasehold improvements, adoption of a public transport policy, working from home, flexitime, videoconferencing, Green IT solutions, etc. Covivio relies on these various solutions in its own operations and encourages its stakeholders to adopt them as well.

Lastly, managing and optimising the building facilities is based on striking the right balance between control over operating expenses and the occupant's health and comfort.

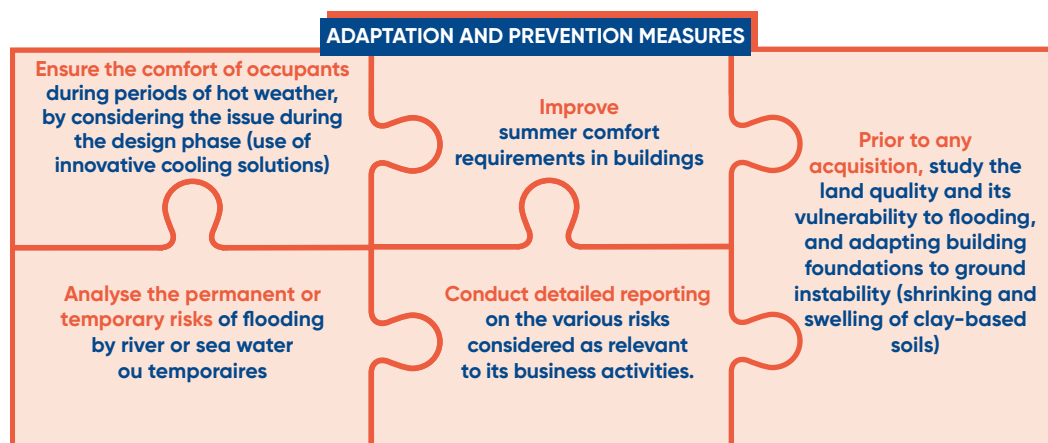
The diagram below illustrates the main challenges of resilience and a few examples of performance drivers which can be implemented.



2.3.3.1. Adapting to the consequences of climate change

In addition to compliance with the local regulations (e.g. in France: ERP – Inventory of risks and pollution), Covivio has identified the main uncertainties which could impact its activities and put in

place prevention and adaptation measures which are described in the following diagram. The TCFD reporting presented in the introduction to this chapter also provides an overview of the strategy implemented by Covivio to address the consequences of climate change.



In Germany and Italy, Covivio's technical teams use internal tools to monitor the risks to which buildings are exposed. In Germany, mining risks are subject to particularly close surveillance. 195 sites are located in areas considered to be at risk by authorities. In addition, following an analysis conducted by Covivio Immobilien's insurance company, the risk of flooding was considered negligible for the portfolio as a whole. In France, Covivio has for many years used a management platform implemented by Provexi to manage these risks.

In addition, Covivio conducted an internal risk mapping exercise to visualize a sea level rise of more than a metre, in order to identify which assets might be affected by such a risk. The results of the mapping indicated a very low risk of up to 2% of the assets analysed across all the commercial portfolios and a representative sample for the Germany residential portfolio (SASB 450a.1).

2.3.3.2. Fighting urban sprawl and the land take

Covivio strives to avoid urban sprawl by integrating its developments within redevelopment projects that encourage "rebuilding the city on the city". The economical use of land reflects the Group's determination to limit land sealing, avoid the use of agricultural land for new buildings, and take flood risks into consideration. Throughout Europe, the projects completed by the Group meet this requirement allowing for effective participation in protecting areas with high biodiversity potential.

In 2017, Covivio added a "polluted sites and soil" module to the Provexi platform dedicated to asset risk management. This module provides a complete overview of all the information in the assessments by summarising the topics analysed (identifying potential sources of pollution, summary of the completed analyses). Employees can access all of this information, as well as interactive data maps. Sites on which special monitoring may be necessary are identified, and management of the required actions is simplified.

In 2019, Covivio was not subject to any decontamination or clean-up orders for any of its offices in operation. The Group is endeavouring to move towards "zero net land take" projects, as a significant part of its operations (53% of the current France Offices operations) consist of refurbishments and raising the roofs of existing complexes.

2.3.3.3. Managing health and environmental risks

In 2019, Covivio was not ordered to decontaminate or clean up land so that it can be legally used, nor was it the subject of a legal ruling as a result of non-compliance with environmental regulations. As a precautionary measure, Covivio decided to provision €2.5 million in the event it would have to cover clean-up costs for a site owned in conjunction with a non-strategic activity.

2.3.3.3.1. Regulatory compliance

The European Directive of 16 December 2002 on the energy performance of buildings (DEPEB or EPBD, Energy performance of building directive) resulted in various new regulations governing a range of themes, including new construction, refurbishment work, etc. (2.3.2).

In addition, property acquisition and management require that several assessments be carried out which may be mandatory depending on the date of construction of a building. These assessments cover asbestos, pest status depending on the municipality (termites), mining and technological risks status (including flood risks, mudslides, coastal submersion and Seveso risks).

In France, Covivio's Environment Department oversees compliance with the regulations on structures classified for environmental protection (ICPE). Some risks may also be subject to additional testing (soil pollution, etc.), periodic monitoring (asbestos, for example) or specific analyses (legionella, etc.) Comparable regulations are also in place in both Italy and Germany. For each one of its locations, Covivio relies on dedicated environmental safety teams to ensure that the required assessments are carried out and monitored. The team is involved in the analysis of acquisitions, during the management period, and in the creation of data rooms in anticipation of a sale.

As an example, the table below outlines the risks considered as relevant to Covivio's Offices segment in France and Italy.

Number of sites concerned	France		Italy	
Risks	2018	2019	2018	2019
Subsidence	36	29	0	0
Earthquake	4	1	236	227
Flood	53	52	2	1
Thermal effect	1	1	0	0
"Storm surge"	1	1	0	0
Toxic effect	1	1	0	0
Drought	5	4	0	0
Avalanche	0	0	0	0
Forest fires	0	0	0	0
Unusual rainfall*	NA	NA	0	227
Cyclone	0	0	0	0
Rise in groundwater levels	1	1	3	8
Volcano	0	0	1	1
Mining	0	0	0	0
Other mining risks	0	0	0	0
Other natural risks	21	23	0	0

* Definition in line with Italian regulations, outside the scope of the inventory of risks and pollution in France.

Area	Diagnostics implemented			
	2018		2019	
Inventory of risks and pollution – number of cases examined ⁽¹⁾	226	100%	205	100%
Cooling towers – number of sites involved ⁽²⁾	0	–	0	–

(1) Inventory of established risks.

(2) Sites where the tower's operator is the owner.

In Italy, environmental risks are monitored by the Property Management department. All due diligence in the acquisition phase now includes a sustainable development chapter to cover the main environmental risks concerning the asset: biodiversity, adaptation to climate change, energy efficiency, floods, health and well-being, transport, management of water and waste, for example.

In Germany, special attention is also paid to health and environmental risks. Land, water and air pollution, as well as natural and technological risks, are all analysed prior to each acquisition. In accordance with legislation, in 2017 and 2018, smoke detectors were installed in residential units in North Rhine-Westphalia, Hamburg and Berlin. In addition, carbon monoxide detectors have been installed in all gas-heated apartments.

In the case of buildings owned by Covivio Hotels, environmental health and safety risks are monitored in the Environment Department within Covivio's Technical Department. Investigations covering topics such as asbestos and ground pollution are carried

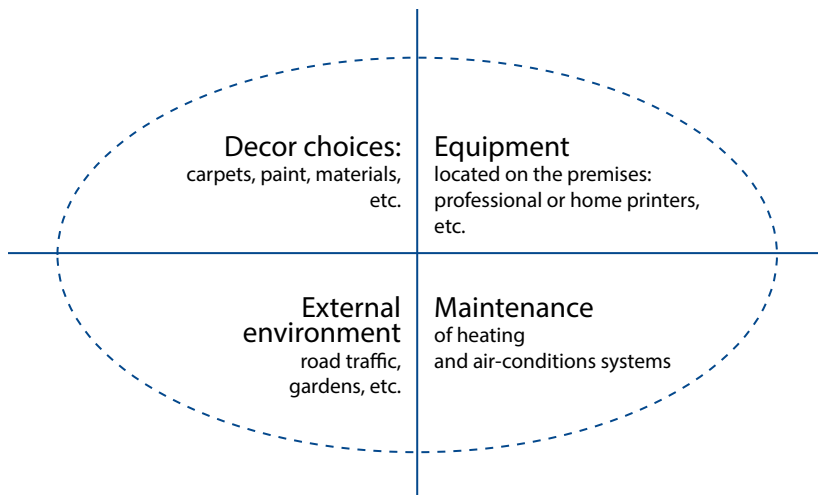
out when an asset is either purchased or sold. The leases of Covivio's hotels systematically stipulate that the tenant retains control of and responsibility for environmental risks, and that the user or the site manager is responsible for the premises' compliance with regulations governing environmental risks.

2.3.3.3.2. Limiting noise pollution

Noise can cause stress and is harmful to concentration, creativity and hinders productivity. User comfort and well-being is a central concern for Covivio as we strive to develop buildings that provide optimum acoustic conditions for occupants (choice of materials, décor, space layout, etc.) against a backdrop of increasing demand for flexible premises. As part of its development and renovation projects, Covivio also makes every effort to reduce the exposure of tenants and local residents to noise pollution from construction sites.

2.3.3.3 Indoor air quality, a health issue

Air quality is a growing public health challenge as fine particle pollution, generated by human activities, is responsible for 48,000 deaths⁽¹⁾ in France each year. In addition, the harmful effects on health caused by this pollution annually costs between €20 to €30 billion⁽²⁾. Regulations are gradually becoming more stringent across Europe, especially with regard to transport and buildings. Indoor air quality in buildings is related to various factors:



For its development and renovation projects, Covivio pays careful attention to all of these factors that can improve air quality, for example by using low-VOC (A+ rated) products and materials (paint, carpets, etc.) for the health and comfort of occupants. The specifications for Covivio's various business activities have factored in these issues.

In the absence of regulatory obligations, Covivio conducts annual studies of the quality of the air in most of its multi-tenant

buildings in France (13 in 2019). These studies are focused on the microbiological parameters of the air (germs, flora and mould among others), and may include physical parameters (including humidity, VOCs and CO₂).

In Italy, a one-year trial is being carried out of the air quality of Covivio's head office in Milan. It was preceded by a survey of employees to question them on their feelings before the installation of five measuring units in the offices.

2.3.4. A second Green Bond of €500 million issued in 2019

After having successfully issued its first Green Bond worth €500 million in May 2016 (maturing in 2026 with a fixed coupon of 1,875%), Covivio placed its second green bond issue for the same amount in September 2019 (maturing in 2031 with a fixed coupon of 1,125%). Thus, with this new issue, Covivio's green debt represents 14% of its total debt.

The success of these Green Bonds rewards Covivio's ambitious strategy on sustainable development for all its activities in Europe. The Green Bond issued in 2019 enables the financing or refinancing of four office projects under development, including two refurbishments, for a total of 190,000 m² pre-let at 61%:

■ Assets selected for the Green Bond in September 2019

Building	Paris/ Jean Goujon	Lyon – Tour Silex2	Châtillon – IRO	Milan – The Sign
Surface	8,460 m ²	29,900 m ²	24,600 m ²	25,200 m ²
Delivery	2021	2021	2021	2021
Pre-letting rate	100%	53%	20%	98%
Main certification	HQE Excellent	HQE/BREEAM Excellent	HQE TB/BREEAM Excellent	LEED Platinum
Labels	Osmoz/R2S/Biodiversity	R2S	Wiredscore/Biodiversity	Biodiversity
Amount allocated: €500 million	182	138	74	106
Amounts used: €375 million	138	88	74	74

(1) 2016 Report "Impact of chronic exposure to fine particles on mortality in mainland France and analysis of health benefits associated with various reduction scenarios for atmospheric pollution" – Public Health France.

(2) Report from the Environmental-Economic Accounting Commission Health and quality of outdoor air. French Ministry of Ecology, Sustainable Development and Energy (MEDDE), Department for the Economics, Assessment and Integration of Sustainable Development (SEIIDD), June 2012.

2.3.4.1. Rigorous and objective criteria

For the second green issue, Covivio decided to modify its "Green Bond Framework" to make the eligibility criteria for green projects more coherent with market expectations and compatible with international standards. The detailed information relative to two Green Bonds issued by Covivio is available on its website in the section "Financial strategy/Debt". In accordance with the Green Bond Framework, the selected projects comply with the following criteria:

- recent green buildings: the eligible projects are (i) projects under development (for which a projected delivery date has been communicated) or (ii) buildings in operation delivered less than three years prior to the date of issue; in practice, these are buildings under development or refurbishment
- minimum level of certification to be achieved: HQE Very Good, BREEAM Very Good, LEED Gold or other equivalent standards; the selected assets are all aiming for HQE Excellent or BREEAM Excellent levels
- energy efficiency: the projects must achieve a high level of energy performance, characterized by a level P or TP in target four of the HQE standard, or other equivalent standards
- access to public transport: the projects must be located less than 10 minutes away on foot from a public transport network
- relationships with tenants: the projects must be the subject of an environmental annex in France or a Memorandum of Understanding in Italy for new leases signed with tenants.

Projects are selected and evaluated by the Green Bond Committee, composed of representatives of the main functions within the Group (Financial department, Operations department (Asset and Property Management), Sustainable Development department, etc.). This Committee also has to select the buildings intended to come within the Green Bond, when it is being composed or in case of the disposal of one of the assets, in accordance with the Green Bond Framework criteria published on Covivio's website.

2.3.4.2. A proven performance

In addition to the checks carried out internally to ensure compliance with the eligibility criteria, Covivio has again called on Vigeo-Eiris to give a Second Party Opinion. The purpose of this external audit is to make sure that the Green Bond Framework is aligned with the Green Bond Principles of the International Capital Market Association. Following its work, Vigeo-Eiris expressed a reasonable level of assurance (the highest level achievable) concerning Covivio's commitments and the potential contribution of its Green Bond to sustainable development, and more particularly to SDGs 7, 11 and 13 (2.2.1.3).

As for its first green issue, Covivio undertakes to call on an independent third party annually to audit the correct allocation of funds in accordance with the principles laid down in the Green Bond Framework, as well as the environmental performance indicators. The independent third-party audit report is published on Covivio's Internet site, as well as in this document in Chapter 2.8.2. This year, this report covers both Green Bonds. As the assets in the second portfolio are undergoing work, the audit of the operating report covered only the first portfolio.

As for its first green issue, Covivio undertakes to call on an independent third party each year to audit the correct allocation of funds in accordance with the principles laid down in the Green Bond Framework, as well as the environmental performance indicators. The indicators selected for the Green Bond and audited by the independent third-party are aligned with the GRI Standards indicators and the recommendations of the Green Bond Principles and are separated into two main categories:

- reporting indicators for the portfolio: rate of coverage of reporting (in m² and number of buildings), total energy consumption (in kWhfe), energy intensity (in kWhfe/m²/year), total GHG emissions (in tCO₂e), carbon intensity (in kgCO₂/m²/year), total water consumption (in m³), water intensity (m³/m²/year), distance of assets from public transport (accessible parts of buildings)
- reporting indicators per project: delivery date, location, environmental annex, total surface area of building (in m²), levels of certifications and labels obtained, energy efficiency (expressed by the energy target of the certification standard concerned), percentage of financing, percentage allocated to assets under joint-venture.

2.3.4.3. Highlights concerning the first Green Bond in 2019

Following the disposal of a building from the portfolio in 2019, the composition of the scope has changed, with the inclusion of the Quai 8.2 asset located in Bordeaux. This asset, delivered at the end of 2019, offers attractive environmental performance, having obtained dual HQE (Excellent)/BREEAM (Very Good) certification and respecting all the criteria laid down in the 2016 Green Bond Framework.

2016 is the baseline year for carbon emissions in addition to water and energy consumption for this property portfolio. As with the reporting for the entire portfolio (2.7.1), buildings being developed or renovated or those that have been bought or sold during the year are not taken into account. Although the Green Bond was issued in April 2016, the reporting with respect to this portfolio covers the 2016 full calendar year, in order to obtain an accurate comparison with consumption for the following years. As in previous years, 100% of the consumption data was collected on buildings within the reporting scope defined i.e. 10 buildings. For confidentiality reasons, especially as regards single-let buildings, the breakdown of consumption by building has not been reported in this document. This consumption has nonetheless been reviewed by the CSTB in order to calculate the ratios and was verified by EY as part of the audit process. Summary tables can be found in Section 2.7.1.2.

Adjusted for weather and on a like-for-like basis, this data shows a 4.8% decline in the carbon emissions ratio between 2018 and 2019, dropping from 9.5 to 9 kgeqCO₂/m²GIA/year. This decline is the result of a 4.7% reduction in energy consumption on a like-for-like basis, dropping from 133.6 to 127.3 kWhfe/m²GIA/year. These two lower percentages are not the same as the energy mix that varies from one building to another. Lastly, water consumption was slightly down at 0.36 m³/m²GIA/year (against 0.38 in 2018).

The table below provides a summary of the eligibility criteria that the selected assets fulfil under the 2016 Green Bond Framework.

2.3.4.4. Summary – Compliance with the criteria

Portfolio of assets selected in connection with the first Green Bond

Assets	Fontenay Le Floria	Metz Le Divo	Vélizy Hélios	Vélizy Europe	Paris – Passy Steel	Nanterre Respiro
Company	Covivio	SCI Pompidou Metz	Covivio	SCI 11 place de It 31/12	Technical	Covivio
Disposals Financing Green assets						
Ownership	100%	100%	50%	50.1%	100%	100%
Delivery date	2012	2014	2014	2015	2015	2015
Surface	9,175 m ²	5,286 m ²	46,749 m ²	33,268 m ²	3,681 m ²	11,173 m ²
HQE profile	12/14	9/14	11/14	14/14	11/14	–
BREEAM	–	–	Very Good	–	–	Excellent
Amount allocated: €500 M	€27 M	€12 M	€45 M	€37 M	€30 M	€49 M
Amount used: €451 M at 31/12/2019	€27 M	€12 M	€45 M	€37 M	€30 M	€49 M
Energy accreditation	BBC	BBC	–	BBC	BBC	BBC Effinergie+
Target 4 (Energy) E or VE	VE	VE	VE	VE	VE	74%
Environmental annexes	✓	✓	✓	✓	✓	✓
Reduction of the environmental footprint						
Target 3 (Construction site) E or VE	VE	VE	E	VE	VE	86% (Waste)
Water management	✓	✓	✓	✓	✓	✓
Waste management	✓	✓	✓	✓	✓	✓
Installation of a BMS	✓	✓	✓	✓	✓	✓
Social and regional responsibility						
Health and safety clauses	✓	✓	✓	✓	✓	✓
Combating urban sprawl	✓	✓	✓	✓	✓	✓
Accessibility for disabled people	✓	✓	✓	✓	✓	✓
Accessibility to public transport (< 1 km)	✓	✓	✓	✓	✓	✓
Dialogue with tenants and stakeholders	✓	✓	✓	✓	✓	✓
Eco-management (≥ 3 E or VE on 4 targets)	✓	✓	✓	✓	✓	✓
Comfort (≥ 2 E or VE on 4 targets)	✓	✓	✓	✓	✓	✓

* Awaiting signing of lease.

Issy-les-Moulineaux Edo	Levallois Thaïs	Nancy O'origin	Toulouse Riverside	Bordeaux Quai 8.2 E (to replace Saint-Denis – Green Corner)	Montrouge Flow	Total	Saint-Denis Green Corner
Covivio	Covivio	Covivio	BGA Transactions	SCI Factor E	Avenue de la Marne		Covivio
100%	100%	100%	100%	35%	100%		100%
2017	2017	2017	2018	2019	2020		2015
10,938 m ²	5,555 m ²	6,437 m ²	10,854 m ²	10,425 m ²	21,204 m ²	174,745 m ²	20,817 m ²
10/14	12/14	12/14	12/14	12/14	Approved: 14/14	12-14 average	13/14
Approved: Very Good	Approved: Very Good	Excellent	Very Good	Very Good	Approved: Excellent	Total	Very Good
€72 M	€30 M	€18 M	€31 M	€49 M	€100 M	€500 M	€82 M
€72 M	€30 M	€18 M	€31 M	€34 M	€66 M	€451 M	€82 M
–	–	–	–	Effinergie+	Effinergie		BBC
E	VE	VE	E	VE	VE	100%	P
✓	✓	✓	✓	✓	*		✓
VE	VE	Excellent	VE	VE	VE	100%	P
✓	✓	✓	✓	✓	✓	100%	✓
✓	✓	✓	✓	✓	✓	100%	✓
✓	✓	✓	✓	✓	✓	100%	✓
✓	✓	✓	✓	✓	✓	100%	✓
✓	✓	✓	✓	✓	✓	100%	✓
✓	✓	✓	✓	✓	✓	100%	✓
✓	✓	✓	✓	✓	✓	100%	✓
✓	✓	✓	✓	✓	✓	100%	✓
✓	✓	✓	✓	✓	✓	100%	✓

2.4. ACCELERATING REGIONAL TRANSFORMATION

In an effort to address climatic, environmental, social and digital challenges, Covivio makes sure that its portfolio is consistent with local needs, equipment, infrastructure, culture and customs, as well as local expertise and markets.

Each building must fit in the most relevant way possible with the various requirements for transport, energy, communications networks, biodiversity, etc. The CSR risk mapping carried out by Covivio in 2018 highlighted "Integration within the sustainable city", an issue where the Group is able to capitalise on its acknowledged expertise in the area of long-term, value creating partnerships. Covivio motivates its employees (2.5.1), suppliers (2.4.2), tenants (2.4.3.2) and financial partners (2.2.3.2), by involving them in this change management process. This multi-stakeholder involvement is central to the response to two other societal issues raised by the mapping, which are "Responsible supply chain" and "Quality of relations with external stakeholders (including customers and suppliers)".

Aware of the importance of these interactions, Covivio has placed its relationship with its stakeholders at the core of its concerns – its Purpose. In 2020, it decided to set up a Stakeholders Committee as well as a Foundation that will take charge of a number of projects to promote equal opportunity and the preservation of the environment (Appendix 1).

Covivio's investment strategy is focused on large cities and capitals. These cities will have to face major challenges in terms of population growth and the environment as they seek to limit urban sprawl, protect biodiversity and improve the quality of the air, housing and public transport. They will continue to look to attract businesses and talents, host the best training facilities and enjoy a significant share of innovation and growth. In this competition, to ensure their attractiveness, the regions must take account of the emergence of new digital tools, robots and artificial intelligence. The "smart city" is meant to promote the advent of a carbon-neutral society, by doing away with the use of fossil fuels by 2050.

Real estate plays a central role in this major upheaval, which involves the environment, the economy and social cohesion. With a European development pipeline worth €8 billion at the end of 2019, Covivio is participating in the emergence of more sustainable and inclusive cities.

The demand from tenants is mainly for buildings that enable them to rationalise their occupancy and expenses and adapt to the changes in their organisations and business segments. The projects developed by Covivio – whether they concern new buildings or renovations – are designed in this spirit as they promote cross-functionality, teamwork, project-based work, flexibility and services for users. The new digital tools have, at least partially, erased the frontier between work and personal life, and paved the way for "nomadism" by providing extensive flexibility. Throughout Europe, the quality of the location (in terms of accessibility, shops and safety among other issues) remains the decisive factor in tenant's choices, especially when it comes to offices, homes and hotels.

Covivio's various European operations enable it to pool good practices and innovation. For instance, the regional socio-economic footprint study, which was initially carried out for the scope of the France Offices portfolio, was gradually rolled out to the Group's different business activities in Europe (2.4.1.2). It is also the case for biodiversity, one of the major challenges for the regions (protection of the environment, well-being of the local population, etc.), and which gave rise to Europe-wide mapping of Covivio's asset portfolio in 2017. This study was updated in late 2019/early 2020, once again at the European level (2.4.1.4).

Covivio's Purpose entails being attentive to all of its stakeholders. In 2020, Covivio therefore decided to create:

- a Stakeholders Committee, whose members include prominent figures in the field of CSR
- a Foundation that will take charge of all initiatives aimed at promoting equal opportunity and the preservation of the environment
- the possibility for staff to contribute to social commitments and increase ties with the regions, by taking part in a day of solidarity every year to support a community project picked by the Foundation.

Covivio's Purpose is reflected in the will of the Board of Directors and General Management to give new impetus to those concerns. For the teams, it brings to life the aspirations expressed by dedicated working groups in a broad internal survey carried out over several months. This innovative collective reflection process has enabled a large number of employees from the Company's different business lines to express their views. Covivio's Purpose manifesto can be found in Appendix 1. Covivio's CSR policy has thus been strengthened, through the commitment of employees and the degree of shared ambition on objectives across all Company levels.

■ Key societal performance indicators (as of 31/12/2019)

€8 BILLION
EUROPEAN DEVELOPMENT PIPELINE

"INTEGRATION WITHIN THE SUSTAINABLE CITY" RISK

15,100

JOBS SUPPORTED THANKS
TO THE GROUP'S ACTIVITIES (2018 STUDY)

1

BIODIVERSITY MAPPING
ON A EUROPEAN SCALE

98.7%

FOCUSING ON SITES ACCESSIBLE
BY PUBLIC TRANSPORT

120

SUPPLIERS HAVE SIGNED THE NEW VERSION OF
THE RESPONSIBLE PROCUREMENT CHARTER

"RESPONSIBLE SUPPLY CHAIN" RISK

81/100

SCORE OBTAINED BY COVIVIO
IN THE 2019 ECOVADIS ASSESSMENT
SUSTAINABILITY LEADERSHIP AWARD

4

TOOLS THAT SERVE
THE RESPONSIBLE PROCUREMENT POLICY

58

SUPPLIERS WHO RESPONDED
TO THE CSR SURVEY HAVE
BEEN AUDITED

**RISK CONCERNING THE "QUALITY OF RELATIONS WITH EXTERNAL STAKEHOLDERS"
(INCLUDING CUSTOMERS, SUPPLIERS, REGIONS AND THE ACADEMIC WORLD)**

92%

OF OFFICE TENANTS IN FRANCE
ARE SATISFIED WITH RESPONSES
TO THEIR DEMANDS

1ST

THE ONLY PRIVATE COMPANY GIVEN THE TOP
SCORE OF "VERY GOOD" OUT OF 23 COMPANIES
IN THE 2020 "FOCUS MONEY" SURVEY

100%

OF OFFICE LEASES IN FRANCE
>2000M² ARE COVERED BY
AN ENVIRONMENTAL ANNEX

2.4.1. Integration within the sustainable city

The city of the future will be low-carbon and interconnected, and contribute to the circular economy. To limit the need for commuting and to provide more user-friendly living spaces, the buildings of the future will need to take into account the challenges associated with mixed use; namely, enabling city-dwellers to use these areas for everyday life, work and relaxation.

By anticipating these changes, Covivio is able to better manage the risks that could adversely affect the appeal of its assets if the Group did not make every effort to work very closely with its stakeholders, especially major cities. Covivio takes into account the new challenges facing cities (energy, carbon, culture, socio-economic) by taking care to make sure that its buildings fit seamlessly into the urban fabric, in particular from the point of view of accessibility, mobility and biodiversity. These are crucial issues for the certification of the assets.

The "Integration within the sustainable city" risk has been identified as a major risk with regard to Covivio's activities in Europe. The integration of a building within its environment is a major challenge in terms of the urban landscape and biodiversity, energy and transport networks, as well as its acceptability to local residents and public authorities. Its successful integration within the city also has social and economic dimensions in terms of employment and culture.

2.4.1.1. Understanding local areas and strengthening cooperation with stakeholders

Backed by the strong partnership-based approach that has underpinned the Company's success, Covivio's cooperation with its stakeholders has been given new impetus through its Purpose manifesto. Covivio has made concrete and ambitious commitments to each of its stakeholders, that will help meet the challenges of the city of the future, which needs to be more energy-efficient, better connected, and more caring in terms of social well-being and environmental quality, placing people at the centre of its ecosystem.

In addition to its historical presence in France and, for the last decade in Germany and Italy, Covivio now has activities in an increasing number of large cities in Spain, the United Kingdom and Eastern Europe. To work in close contact with its stakeholders, in addition to its premises in Paris and Metz, Covivio has four regional offices in France (in Lille, Lyon, Bordeaux and Marseille). In Germany, offices and branches have been opened in cities including Berlin, Dresden, Hamburg and Leipzig to supplement the teams historically located in Oberhausen. In Italy, the teams are based in Rome and Milan. Elsewhere, in 2017, Covivio opened an office in Spain and appointed a Country Manager to support its local development and build a close relationship with partners.

Covivio strives to boost the outreach of the local areas in which its assets are located, in particular by supporting numerous public relations events. These include the *Sommet du Grand Paris* (Greater Paris Summit), organised by *La Tribune* in June 2019. The Summit, focused on "The quality-of-life challenge", hosted national and international experts on the ecosystem of the city for a day of debates and discussions about future projects and upcoming plans. These debates helped to showcase the players, such as Covivio, who are building a smarter, more inclusive and resilient city. As another example, Covivio sponsored the *Fête des Lumières* in Lyon in December 2019. This partnership will be renewed next year.

Anticipating and understanding new trends, particularly in terms of user needs and expectations, are at the heart of Covivio's strategy. Studies, surveys and polls (available at www.covivio.eu) are conducted on a regular basis. They enable the teams, customers and stakeholders to fully appreciate the challenges facing the sustainable city and better meet end-user expectations. They include studies into the appeal of large cities: "The sharing economy and work spaces: the viewpoint of European employees", "What if offices made work appealing again?" and "Expectations and customs of European employees".

On 17 December 2019, Christophe Kullmann signed a Charter on behalf of Covivio – the *Charte Entreprise-Territoire de Plaine Commune* – within the context of the Saint-Ouen – So Pop project. The project should deliver many benefits in terms of employment, the local economy and the circular economy:

- 10% of total working hours required to complete the project are reserved for unemployed people
- local businesses are given preferential treatment for 25% of the total amount of works and services contracts
- preference is given to the use of eco-friendly materials, as well as the re-use of construction waste.

2.4.1.1.1. Symbiosis, at the heart of the city's renewal

The ambition underlying Project Symbiosis developed by Covivio in Milan is to transform a historically industrial district into a new commercial destination that becomes a benchmark for smart working. Symbiosis is a unique proposition for the market in Milan: around ten new generation office buildings, marketed as they are completed and forming a centre of business excellence. Symbiosis perfectly meets the needs of innovative companies seeking sustainable buildings and offers flexible spaces for working better together. Located in a rapidly emerging district, opposite the Prada Foundation and close to the Bocconi University, the plan is for Symbiosis to become a shop window for new, high performance office concepts.

A key part of the Symbiosis project is the main "eco-friendly" square in the business district, which was inaugurated by the Mayor of Milan, Giuseppe Sala, in September 2018. This central square is destined to become a cultural and social space where people can share experiences and skills and create synergies. After the inauguration of the first building in September 2018, the construction of the other buildings is under way, along with the design of premises for the ICS International School.

2.4.1.2. Quantifying the regional socio-economic contribution

2.4.1.2.1. Measuring the socio-economic impact of the activities on a European level

Aware of its economic weight and its presence in several major European cities, Covivio wanted to measure its contribution to local economic development. Covivio has been committed to characterising and quantifying the socio-economic consequences of its France Offices and Italy Offices activities since 2014 and 2016 respectively. In 2018, Covivio extended the scope of its study to all of the Group's activities in Europe by measuring the impacts of its Residential business in Germany and its Covivio Hotels subsidiary. These studies are performed with the company Utopies and use the LOCAL FOOTPRINT® methodology.

The analysis conducted in 2019 and presented below covers all of the sites under development, undergoing renovation and in operation. It is based on the data collected for the period from 1 January 2018 to 31 December 2018 for Offices (France and Italy) and German Residential activities. Covivio also wished to conduct an exploratory study into the socio-economic impacts of the hotels it owns and operates. To do so, the cash injected by these economic players was modelled using national statistics such as those published by INSEE, the French national office of economic statistics.

2.4.1.2.1.1. Main findings on the socio-economic impacts of the Offices, Residential & Hotels activities

Direct impacts: these are related to Covivio's presence in France, Germany and Italy through its **922 employees** (full time equivalent at the end of 2018).

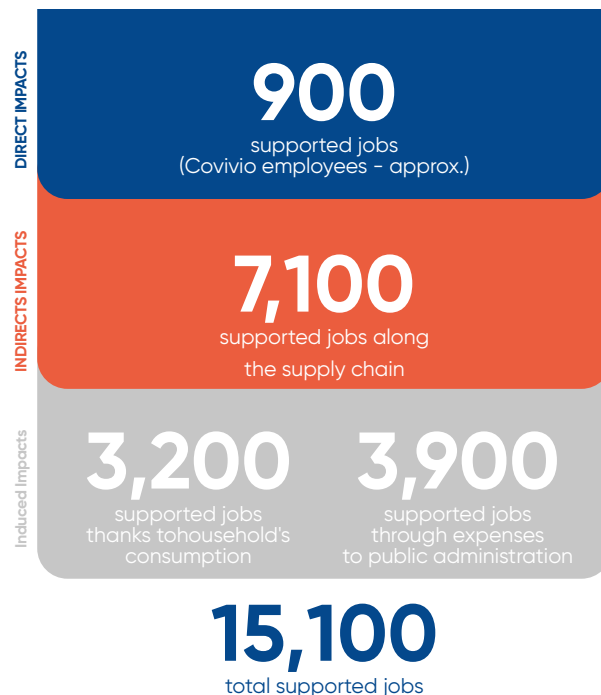
Indirect impacts: these translate the economic benefits generated by purchases or investments. Covivio spent €520 million on purchasing goods and service and this generated economic activity for its service providers and suppliers. This activity has repercussions for the full supply chain. As a result, Covivio helps

to support **7,100 jobs** in France, Germany and Italy, which break down as follows: 4,000 (56%) for direct (tier 1) suppliers and 3,100 (44%) for tier 2 suppliers and below. In France, this means 3,100 indirectly supported jobs, 3,000 jobs in Germany and 1,000 in Italy.

Induced impacts: these correspond to the capacity to encourage other economic players to spend money on consumables. Household consumption, supported by the salaries paid to Covivio employees, as well as those paid by other players in its supply chain, contribute towards maintaining or creating **3,200 jobs** in France, Italy and Germany. Furthermore, payments made to public administrations (generated by the taxes paid by Covivio and those of its supply chain) help to support **3,900 jobs** in the 3 countries. A total of 7,100 induced jobs are thus supported: 3,400 in France, 2,500 in Germany and 1,200 in Italy.

Total impacts: these correspond to the sum of direct, indirect and induced impacts. Through its Offices and Residential businesses, Covivio thus supports **15,100 jobs** in the three countries where it operates (6,800 in France (45%), 6,000 in Germany (39%) and 2,300 in Italy (16%)), generating **€900 million of GDP**. Therefore, for **one job** at Covivio, **15 additional jobs** are supported.

■ Details of the 15,100 jobs supported by type of impact and main business segments supported



Source: Utopies.

2.4.1.2.1.2. Synergistic impacts of a portfolio of nearly 400 hotels

With a portfolio worth €6 billion (total under management as of mid-2018), Covivio Hotels, a subsidiary of Covivio, is the main real estate partner to hotel operators in France and Europe, particularly in the most dynamic European cities.

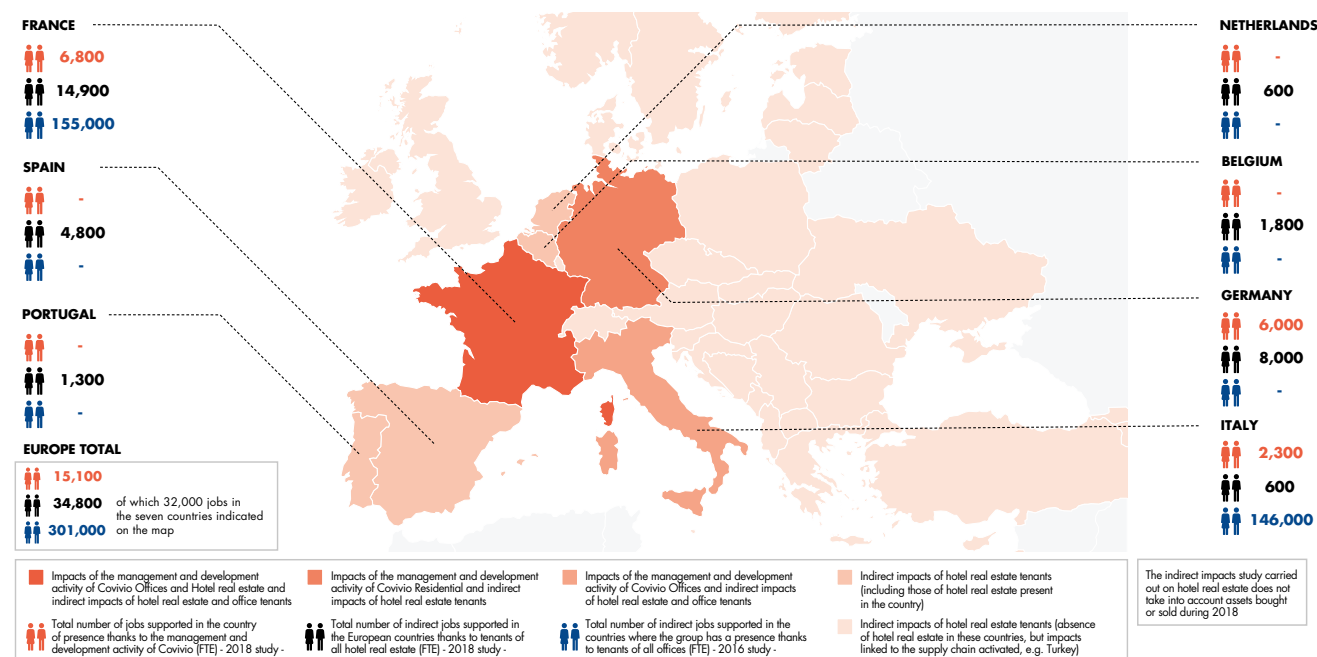
Covivio undertook to evaluate the gross economic value from the operation of its hotels. Accordingly, it has been estimated that the hotel operators holding leases with Covivio contribute to the economic life of Europe by generating some 34,800 jobs (direct, indirect and induced). As this contribution is not directly attributed to Covivio, but to its tenants, it cannot be added to or compared with the economic impacts of Covivio's management and development activities, described above.

In 2016, Covivio had, in a similar way, measured the gross economic value of the occupants of its offices in France, meaning the direct, indirect and induced impacts related to the activities of tenant companies. It was then estimated that they contributed to supporting almost 301,000 jobs.

2.4.1.2.1.3. Summary of Covivio's socio-economic impacts in Europe

Through its management and development activities, Covivio supports a total of 15,100 jobs across the three countries where its teams are based – France, Germany and Italy. The companies that lease hotels, offices and private residential properties have economic activities that have consequences on a pan-European basis. It is thus estimated that 34,800 jobs are supported by the hotel portfolio in Europe, while 301,000 jobs are supported by the office portfolio in France and Italy.

Socio-economic impact mapping of Covivio in Europe



THE LOCAL FOOTPRINT® MODEL

The LOCAL FOOTPRINT® model is based on national trade statistics tables of exchanges between industries, in particular from Input-Output Eurostat tables (sources: Eurostat and Eora) and research on regional economics from the University of Bristol. Based on real or modelled purchasing, payroll and tax data of companies, LOCAL FOOTPRINT® is used to simulate the socio-economic benefits of a business in a given area.

2.4.1.2.2. Optimising regional impact

A socio-economic footprint assessment is a tool that helps provide a better understanding of the broad impact of a business, and helps Covivio identify potential opportunities to optimise the economic benefits created for the regions in which it operates. This optimisation may happen either by increasing the quantity of impacts (notably the number of local jobs supported), or by improving the quality of the impacts (including the nature and types of jobs supported and working conditions).

Accordingly, Covivio identified two main drivers for maximising its local impact and intends to focus on these increasingly going forward:

- the "Employment" approach: using local organisations who hire disabled people (protected workers) or long-term unemployed people (insertion companies)
- the "Procurement" approach: promoting local suppliers and subcontractors in the supply chain.

The signing of the *Charte Territoire Entreprise de Plaine Commune* – a charter to promote employment, the local economy and the circular economy – (2.4.1.1) supports this approach.

2.4.1.3. Disseminating and sharing knowledge

Since 2008, Covivio has developed a partnership-based and collaborative policy with educational institutions focused on equal opportunity, mainly involving skills-based sponsorship, which showcases internal know-how.

2.4.1.3.1. Training future real-estate industry decision-makers

The Palladio Foundation was created in 2008 by entities in the real estate industry, including Covivio, to address the huge challenge of urban planning. Covivio supports the Foundation – a meeting place dedicated to exchanges, debates and reflection – via financial sponsorship and the involvement of its executives and employees. This year, the Foundation granted scholarships to students with innovative research projects. As a member of the Founders College, Christophe Kullmann was particularly involved in the project focused on the University of the City of the Future in 2019. Audit and Internal Control Director Marjolaine Alquier de l'Épine is a member of the Scholarship Committee of the "Future" division. In 2019, Covivio had a stand at the "Forum des métiers de l'immobilier et de la ville" (a trade show focused on real estate and the city), co-organised by the Palladio Foundation.

Since 2012, Covivio has also been participating in job forums organised by higher education institutions such as HEC (*École des Hautes Études Commerciales de Paris*), ESSEC Business School, ESCP Europe, EDHEC, and ESTP in France, as well as *Politecnico di Milano* and *Università Boconi* in Italy. Every year, around fifty employees take part in these forums. For Covivio, they provide special opportunities for interchanges with potential future candidates.

In addition, a number of Covivio employees do presentations – often centred on sustainable development – at various institutions such as ESTP and Dauphine University in Paris. Every year, in Italy Covivio shares its practical knowledge and offers advice to students taking courses in real estate.

Covivio has elected to pay all trainees, although there is no requirement to do so.

2.4.1.3.2. Promoting equal opportunities

Through the Article.1 association (resulting from the merger between Frateli and Passport Avenir), Covivio has been involved since 2015 in a financial and skills-based sponsorship initiative, focusing on solidarity and equal opportunities. Article 1 develops and supervises the sponsorship of young high-potential scholars by industry professionals. The objective is to reveal the talents of students coming from disadvantaged backgrounds by providing them with tools, methods, access to networks and the confidence to pursue their goals. The association also provides

accommodation in university residences to scholars, selected through an interview process. This programme, aimed at creating a community of mutual support and learning, is based on three main pillars: "live together", "do together" and "learn together". A number of Covivio employees are mentors and provide support for students on under- or post-graduate courses for two or three years, before helping them at the start of their careers.

In 2019, Covivio hosted an Article 1 training session in its Paris premises, involving internal mentors and other companies who are partners of the association. Covivio has also been supporting the "Maïson Article 1" project since its inception. This project has supported 200 young people and helped the roll-out to 40 supportive projects over the past 4 years.

In October 2019, in partnership with Impulse Partners, Covivio co-organised an event in the premises of Station F, a major Paris innovation campus for business incubators and start-ups. Through this inspiring visit, some fifty participants – including some twenty young mentees – discovered emerging players in the world of innovation, while being made aware of the issue of equal opportunities.

Another skills-based sponsorship initiative is the *Passerelle* ("gateway") programme that Covivio has run since 2008 in partnership with two secondary schools located in priority education zones (*zones d'éducation prioritaire* or ZEPs) in Bobigny (Department 93) and Forbach (Department 57). It enables technical (BTS) or preparatory class students in the two establishments to meet professionals working in various functions at Covivio. In a period of their lives when they need to make long-term choices, more than 2,500 pupils and students from the two establishments have benefited from various initiatives since 2008 – such as job interviews, CV workshops, intake of trainees, round table discussions on jobs, and visits to buildings – thanks to more than 55 volunteers from the Group.

This career-oriented support for young people also translates into the recruitment of students for seasonal work, 50% of whom are hired under the *Passerelle* programme at the sites in Paris and Metz, thus opening the door to a first professional experience for them and the recruitment of a young graduate from Lycée Blaise Pascal on an open-ended employment contract. In addition, some Article 1 mentees were given the opportunity to take up summer jobs or 6-month internships with Covivio.

Furthermore, on 10 August 2019, Covivio helped fund a trip to Paris for some twenty young people from Foyer Sainte-Constance in Metz. This residence for homeless youths between the ages of 16 and 30 – most of whom have no family and are alone in France – strives to promote their personal and professional development. At Covivio's 2020 year-launch evening, various activities offered to employees made it possible to collect additional funds of €1,000 for the home.

2.4.1.3.3. Investing in urban life

As a long-term partner of the French Association of Real Estate Directors (ADI), Covivio supports and participates in various events in the aim of jointly thinking about buildings, their uses and associated transport. The Group is also involved in studies carried out by the Association. Since 2015, Covivio has contributed to a number of white papers. The most recent, "Barometer of service sites in France", was produced in partnership with EY and published at the end of 2019.

Covivio also works with the Bordeaux-Euratlantique public planning establishment (EPA), the body responsible for implementing the "Bordeaux 2030" modernisation programme, which aims to enhance Bordeaux's standing among European cities. At events with international outreach such as MIPIM, Bordeaux-Euratlantique and its partners work to promote the

various sustainable urban development programmes in the region, such as the *Cité Numérique* (Digital City), which Covivio helped to develop.

In Italy, Covivio has developed strong ties over a number of years with the *Politecnico di Milano*. In 2018, a partnership agreement was thus signed with the *Politecnico di Milano* Foundation for a period of three years and a total of €70,000. It includes the University contributing its expertise to innovative projects being carried out by the Group.

In 2019, for the third consecutive year, Covivio was a partner to the City of Milan to organise the Green Week. The objective of the week was to increase citizens' awareness of sustainable development by presenting various projects under way in Milan. On that occasion, a conference was organised to present the competition Reinventing Cities of which Covivio has been one of the winners.

VITAE, WINNER OF THE INTERNATIONAL COMPETITION REINVENTING CITIES

Launched on the initiative of C40⁽¹⁾, the prestigious competition Reinventing Cities aims to foster a vast programme of sustainable urban renovation. Located near Symbiosis and the Prada Foundation, the Vitae project was designed using a collective intelligence approach with the involvement of numerous major players in Milan. Vitae is at the cutting edge of innovation and sustainable development as it addresses the major climate challenges: technology integrated in the exterior walls to regulate the level of light according to solar exposure, a Nearly Zero Energy Building with a wooden framework, a sustainable restaurant concept on the ground floor combined with a hydroponic greenhouse and a vineyard on the rooftop. The project is part of the European Sharing Cities programme, contributing to the creation of a smart district that can meet the city's environmental challenges.

Covivio also works alongside the city of Paris by committing to the Paris Climate Action network, which launched the Paris Climate Action charter. This Charter, which asks companies to commit to the fight against climate change and to the Climate Plan, was updated in 2018 and was once again signed by Covivio. Covivio is thus committed to adopting an operational action plan by 2030 and contributing to Paris's carbon neutral target.

In 2019, the Proptech Joint Research Center (JRC) was launched by *Politecnico di Milano* in partnership with Covivio and other companies operating in Milan (BNP Paribas RE, Bosch, Accenture, Edison and Vodafone). This project is dedicated to launching research into new technologies that could revolutionise real estate professions and, most importantly, the real estate market.

In Germany, Covivio Immobilien is heavily involved in the life of the districts where its buildings are located, participating in cultural activities and running projects for the elderly and/or people with disabilities, in collaboration with local non-profit organisations, mainly in Berlin and the Ruhr (2.4.1.5.2). Covivio Immobilien also supports other social and societal causes, including making available temporary accommodation for war refugees; participating in the financing of corporate sponsorship programmes for schools, crèches and retirement homes; and, supporting the renovation of housing for elderly people and a social project for homeless people in Berlin. Covivio Immobilien also supports the project "Sicher zur Schule" (Going to school safely), by helping to raise children's awareness of road hazards and getting them to adopt good habits.

Since 2008, Covivio employees have been invited every year to participate in the "Foulées de l'Immobilier" race organised by students from Paris-Dauphine University's Master of Real Estate Management (Master 246) programme. For the 12th edition in 2019,

Covivio brought together a European team of over 100 runners from France, Italy and Germany. All proceeds of this annual sporting event for real estate professionals, of which Covivio is one of the sponsors, go to the Abbé-Pierre Foundation to provide housing to people in need. Covivio also took the opportunity to support the Perce-Neige association in its efforts to help people with mental disabilities, by converting the number of kilometres run by its team into a donation of the same amount.

Over the Christmas period, Covivio collected toys from its employees for the benefit of the Rejoué Association. This operation brought out the best in terms of employee generosity (2.5.2.3.3).

2.4.1.4 Turn each site into a biodiversity driver

In May 2019, a group of international biodiversity experts (IPBES⁽²⁾), made a stark statement: "Nature is declining globally at rates unprecedented in human history – and the rate of species extinctions is accelerating". Around 1 million animal and plant species are now threatened with extinction, "many within decades". Researchers warn that the sixth mass extinction is under way.

For the past 10 years, Covivio has included the protection of biodiversity as a major qualitative aspect of its portfolio strategy, by ensuring that each of the sites built, managed or renovated by it constitutes a biodiversity lever. Covivio's commitment has been expressed in its signing of the "Objectifs 100 hectares" of green walls and terraces charter and in 2013 and 2018 of the "Paris Action Climat" charter. This commitment continues to be asserted in the Group's Purpose manifesto, which provides for the inclusion of green spaces (including gardens, green walls and terraces) in Covivio's new projects.

(1) C40: initiative bringing together large cities across the world (40 originally, now around 100) taking action to achieve the objectives of the 2015 Paris Agreement.

(2) IPBES: Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services.

2.4.1.4.1. Making biodiversity a major aspect of the Group's Purpose

Biodiversity may be defined as "all interacting living things, including micro-organisms and services provided by ecosystems". Biodiversity is the foundation of life and carries major global challenges. It poses a challenge in the construction and management of buildings, as well as on the sites where raw materials are extracted and in the manufacturing sites of the materials and equipment used in buildings.

Although its property portfolio is mainly located in urban areas, Covivio has a direct and indirect impact on biodiversity. The development of real estate remains one of the most significant sectors contributing to the loss of biodiversity. At each phase of a building's life cycle, from the extraction of raw materials to demolition operations, this sector plays a role of some kind in the five major causes of the erosion of biodiversity identified by the Convention on Biological Diversity (CBD): overexploitation of natural resources; destruction/disturbance of species and natural habitats and the fragmentation of habitats; pollution; introduction and spread of invasive exotic species; climate change.

On this observation, Covivio's biodiversity policy covers six areas:

- eco-design of developments and renovations by taking biodiversity into account before the start of a project: eco-friendly corridors, stakeholders' expectations taken into consideration and materials chosen so as to promote a circular economy
- creation of green terraces in urban environments that contribute to mitigating the urban heat island effect
- planting of native plant species to limit the need for watering and preserve the local fauna
- environmentally-responsible management of green spaces: modifying lawn-maintenance schedules, striving to limit the use of plant protection products, etc.
- enhancing the functions of green spaces for building users
- participating in research and innovation.

To ensure that biodiversity-related issues are taken into account, two internal charters dating back to 2014 were updated in 2019:

- a charter governing the creation of green spaces – for projects involving the development or total renovation of green spaces – and promoting compliance with labels such as BiodiverCity®
- a charter governing the management of green spaces – for projects in operation – and making it easier to obtain a label such as BiodiverCity Life®, Eve® or EcoJardin.

Of the four buildings covered by the Green Bond issue of September 2019, three aim to obtain the BiodiverCity® label, including The Sign – a first in Italy.

A total of 230,000 m² of Covivio office space under development or already delivered will have a BiodiverCity® or Eco-jardin label.

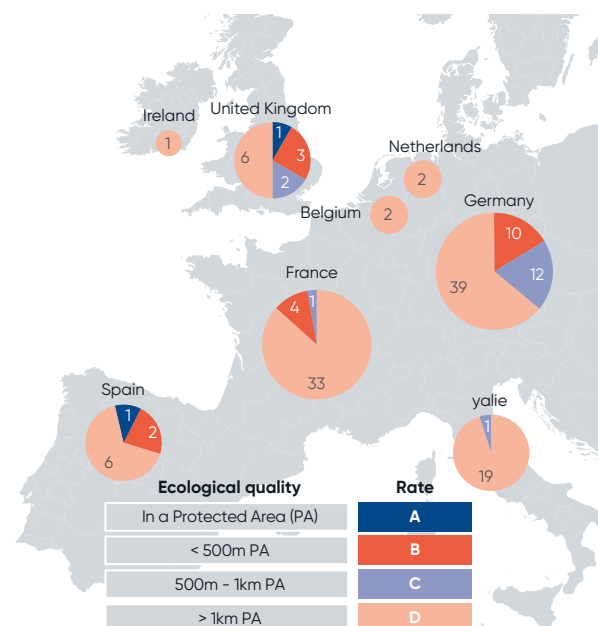
In order to push the implementation of this policy even further, Covivio has commissioned a European study to characterise its potential impacts on biodiversity. The results of this study are presented below, with reference to GRI indicators.

2.4.1.4.2. European mapping of the impacts

At the end of 2017, Covivio carried out a mapping exercise, updated in early 2020, of its building construction and operation activities to measure its indirect impacts on:

- Biodiversity: use of space, destruction and fragmentation of natural habitats, "artificialisation" of environments, soil sealing, and impacts on rainwater infiltration
- "Ex situ biodiversity" i.e. the effect of the extraction of raw materials and the manufacture and use of construction materials on biodiversity.

■ Mapping of Covivio sites in or adjacent to protected areas



2.4.1.4.3. An analysis based on GRI Standards indicators

Covivio's real estate portfolio has changed since it was first mapped in 2017. In 2020, Covivio therefore commissioned a third party, Gondwana, to update this mapping in compliance with the Standards of the Global Reporting Initiative (GRI), based on a sample of 144 sites owned by the Group in Europe. These include:

- 44 directly managed office buildings (multi-let) – 24 in France and 20 in Italy
- the 50 largest assets in a representative sample of residential assets located in Germany
- the 50 largest assets in the European hotels portfolio (Germany, Belgium, Spain, France, Ireland, the Netherlands and the UK).

Four performance indicators for biodiversity were analysed and are presented below. The study fed into a comprehensive report summarizing the results, as well as factsheets for sites located less than 250 metres away from a protected area.

Operational sites held, leased or managed in, or adjacent to, protected areas and areas of high biodiversity value (Disclosure GRI 304-1)

- This indicator aims to describe the location and size of the land owned, leased or managed by the organisations in, or adjacent to, protected areas and areas of high biodiversity value.

- The study was conducted with the help of *Système d'Informations Géographiques* (SIG) on the 144 sites described above. All protected areas (Natura 2000 and biotope protection orders) and areas of high biodiversity value (ZNIEFF type I and II) were taken into account and identified within radii of 0.5, 1, 2 and 5 km of the sites concerned.
 - The result showed that 75% of the sites were located more than one kilometre away from an area of interest, 11% were in a "potentially sensitive" area within a radius of 0.5 to 1 km of a protected area, and 12.5% were in a "sensitive" area less than 500 metres from a protected area or one with ecological value. Two assets (*i.e.* less than 1.5% of the assets covered by the study), in Spain and the UK, are located in areas of ecological interest, as defined by the GRI Standards (see below). The first site, in Spain, had already been identified in 2017 as located in a protected area and had undergone an ecological study.
 - Given the nature of the activities carried out on these sites and the layout of the landscaped areas, the impact of so-called "sensitive" sites can be considered low in these areas of ecological interest.
- Conclusion: on the 304-3 criterion, Covivio's activity can be considered "Effective".**

Description of the impact of activities on biodiversity (Disclosure GRI 304-2)

- This indicator covers the direct and indirect impacts on biodiversity caused by Covivio's activities.
- The analysis of the Company's complete real estate portfolio value chain showed that Covivio's activities have an effect on the five major causes of the erosion of biodiversity.
- Upstream of a building's value chain, construction materials can have impacts on biodiversity ("*ex situ* biodiversity") through the extraction of raw materials and the production and use of materials. The operating impacts mainly relate to the design and management of the buildings and green areas.
- Covivio has implemented a number of initiatives aimed at reducing the severity of these impacts (2.3.3.2.).

Conclusion: on the 304-2 criterion, the activity of Covivio can be considered "Effective".

Protected or Restored Habitats (Disclosure GRI 304-3)

- This indicator is used to measure the surface area and location of protected or restored habitats on sites influenced by the Company's activities.
- Out of the 144 sites analysed, two are located within a protected area:
The first site is a hotel in Spain. The entire right-of-way of the hotel is located within a protected area. The protected area was designated to halt the disappearance and degradation of wetlands. Given the location of the hotel in an urban environment and the nature of the activities, the asset's

impact on the protected habitats can be categorised as low. An ecological diagnostic of the site was also carried out following the first mapping in 2017.

The second site – a hotel in the UK – is located within an "Area of outstanding natural beauty". In the British isles, these are areas recognised for the beauty of their landscapes and protected through specific measures. Given the surface areas of the hotel's green spaces and the nature of the activities performed there, the impact of the site on protected habitats can be considered as low.

- In France, for several years now, Covivio has been participating in the environmental restoration of an old quarry in the Plaine de Bièvre nature reserve (Department 38) alongside the nature protection association "Le Pic Vert", as the 117-hectare site is on one of the main flyways for migratory birds in south-eastern France. Actions undertaken include the setting up of bird hides for observation, the creation of bodies of water to house wildlife and encourage the presence of newts (amphibians that are endangered in the region), and the construction of a nesting facility for sand martins (the first of its kind in France). Today, thanks to the efforts made, the biodiversity reserve boasts numerous species of birds (128), mammals (23), amphibian reptiles (14), butterflies (17) and dragonflies (8).
- In Germany, the teams work with the Leipzig association for the conservation of nature (NABU – *Naturschutzbund Deutschland e.V.*) to install artificial nests for swallows at the residential Mannheimer Straße complex.
- The landscaping of the gardens and planted terraces of the Carré Suffren building in Paris, in consultation with an ecologist, obtained BiodiverCity® accreditation – a first in 2016 for an operating property. Moreover, three of the four buildings in the portfolio covered by the Green Bond issue of September 2019 will aim for the BiodiverCity® label, including The Sign in Italy (2.4.1.1). The Vitae project – winner of the Re-inventing Cities competition – plans to have a vineyard on its rooftop and should also obtain this label.

Conclusion: on the 304-3 criterion, Covivio's activities can be considered to be "Effective" to "Very effective".

Impact of sites on species appearing on the IUCN's Red Lists (Disclosure GRI 304-4)

- This indicator assesses, by level of the risk of extinction, the total number of threatened species on the IUCN Red List and its national equivalent and whose habitats are in areas affected by Covivio's activities.
- No animal or plant species on the IUCN Red Lists have been observed on the sites subjected to ecological diagnostic tests or environmental inventories. This impact can therefore be considered nil.

Conclusion: on the 304-4 criterion, the activity of Covivio can be considered "Very effective".

2.4.1.5. Accessibility of the buildings as a driver of inclusion

2.4.1.5.1. An asset with good connections to public transport

Reducing carbon footprints involves choosing sites that encourage the use of public and environmentally-friendly modes of transport (such as walking and cycling) by employees and tenants.

Covivio has set itself the objective of having at least 90% of the buildings it owns at the end of 2020 no more than 10 minutes away on foot (1 km) from public transport (trains, suburban trains, underground systems, buses and trams). This objective – which has been part of Covivio's CSR action plan for several years – is

now reasserted as part of the Group's Purpose manifesto: in 2025, at least 95% of Covivio's buildings will be less than 10 minutes on foot from public transport (98.7% at end-2019).

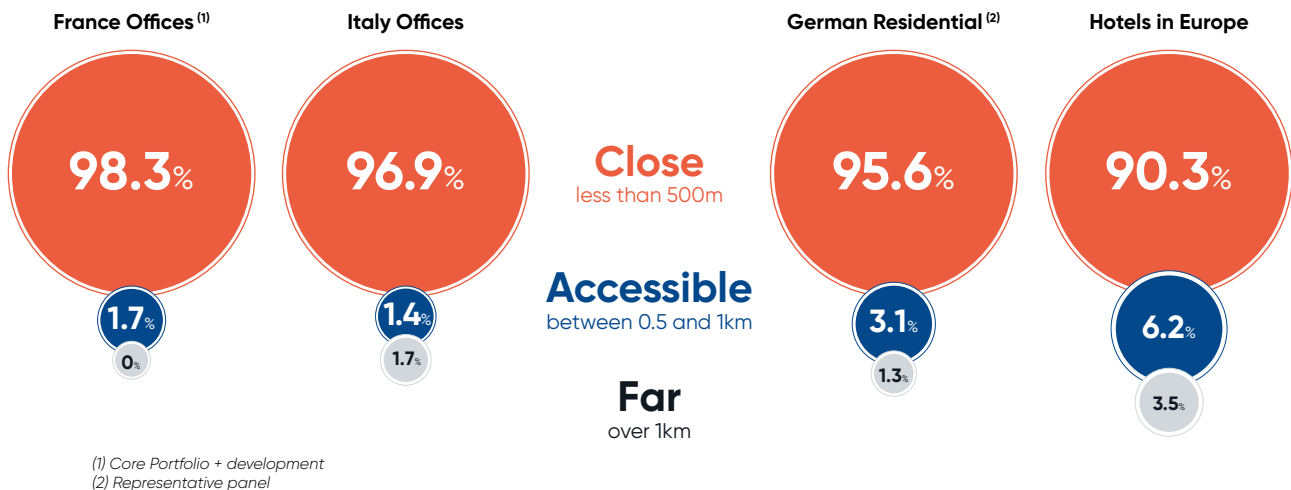
A growing number of large cities in which Covivio operates are focusing on the issue of atmospheric pollution, which has major impacts on health and well-being. They have developed their public transport services accordingly. In Milan, for example, the municipality decided to put in place a congestion charge for entering the city in order to reduce pollution from cars. Electric

vehicles are exempt from it. As of 2013, Covivio's teams in Italy have benefited from free recharging stations and four electric vehicles are available to employees in Milan and Rome. Also in Milan, Project Symbiosis (2.4.1.1.) has been designed from the outset to include a sustainable and innovative transport programme. The programme includes the creation of a cycle track, free public bicycle stations and a fleet of autonomous minibuses linking the various buildings to the Milanese public transport system (underground and tram system). In Germany, Covivio has made

bicycles available to its employees and has provided electric vehicles to the building painters based in Oberhausen.

To ensure that its portfolio has good access in terms of public transport, every year Covivio conducts a mobility study for all its European assets (including a representative sample for residential assets in Germany). The study shows that the objective of having more than 90% of assets accessible at less than 10 minutes on foot has once again been achieved in 2018. The following graphs show the results for the different portfolios at 31 December 2019.

■ Access to public transport as at 31/12/2019 (by value, Group Share)



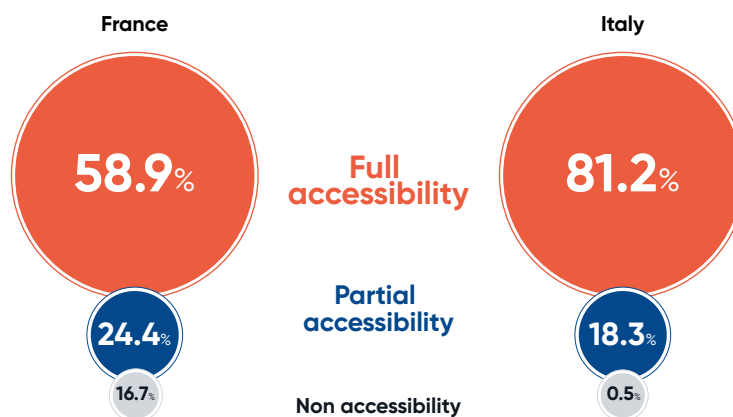
2.4.1.5.2. Making buildings accessible for people with disabilities

Covivio pays particular attention to the accessibility of its buildings and removing architectural barriers in public spaces. The legal frameworks in the countries in which Covivio operates

lay down a range of technical parameters including: the minimum width of doors, the design of stairs, the slope of access ramps, the sizing of lifts, the design of toilets, etc. Covivio's developments and renovations comply with the strictest accessibility standards.

The following graph shows the accessibility scores of office buildings for people with reduced mobility.

■ Accessibility of offices to people with reduced mobility as at 31/12/2019 (by value, Group Share)



Different solutions have been deployed to improve the quality of life for people with a visual disability or impaired hearing, including the installation of audible signals and luminous markings.

In Germany, major work has been carried out to adapt existing housing for persons with disabilities whenever technically possible, including widening of doors, installing access ramps, additional lifts or stairlifts.

The Probewohnen project, launched in 2015, aims to offer people with mental disabilities the opportunity to test their autonomy in adapted housing. The *Wohnen im Pott* project consists of opening an outreach office in Oberhausen for people with disabilities to learn about the rights and solutions they can take advantage of in respect to housing. This multi-purpose room is open to all inhabitants and encourages residents of the neighbourhood to socialise with one another.

2.4.2. Responsible supply chain

Covivio was one of the first European real estate companies to adopt a Responsible Procurement Policy. The policy, rolled out in 2011, covers the whole of the supply chain for the development and management activities of the France Offices portfolio, as well as the Company's overheads. The Responsible Procurement Charter was updated in 2018/2019 to take into account new regulations and was translated into English, Italian and German so that it can be implemented in new developments. The questionnaire about the CSR practices of the suppliers also underwent a major update in 2018/2019.

Having a "responsible supply chain" is crucial for the Group, as its impact in terms of Covivio's operations, business continuity and reputation can pose a major risk. This includes the issue of building site accidents, and in particular the monitoring of measures put in place by suppliers to protect the health and safety of people working on building sites. As evidence of its sound management of these issues, Covivio obtained a score of 81/100 (Gold level) in its second assessment by EcoVadis (vs. 78/100 in 2018), which rates over 50,000 businesses on the CSR performance of their supply chain. Covivio thus ranks in the top 5% of companies rated by this body, having achieved the "Exceptional" level.

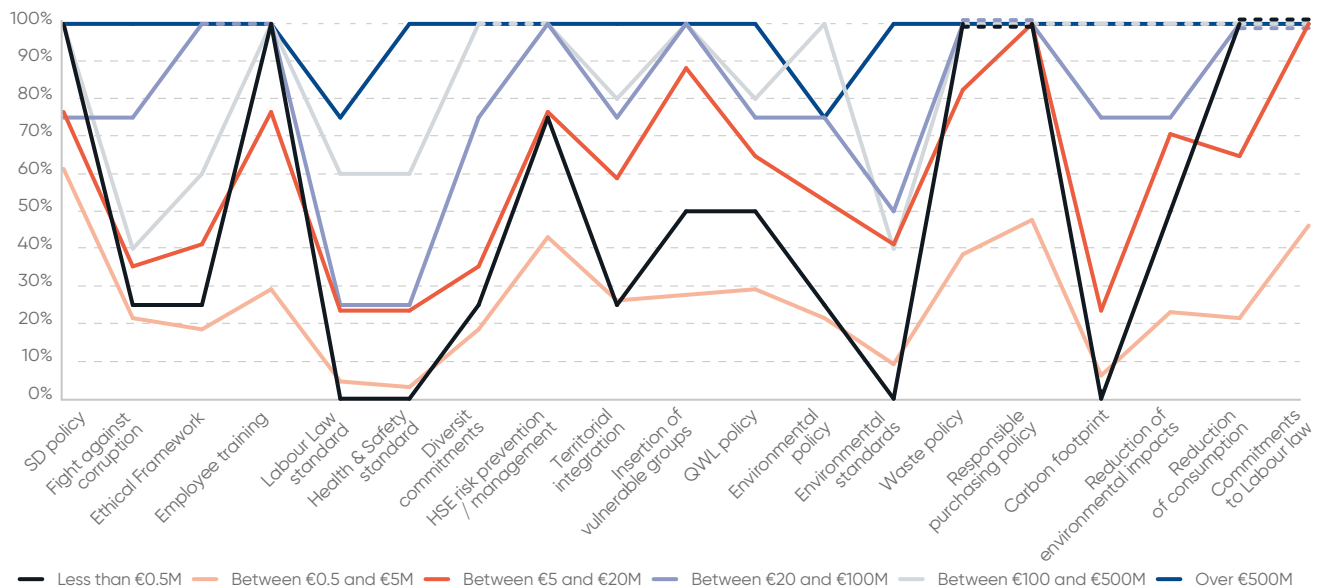
2.4.2.1. One policy, four tools

Covivio's Responsible Procurement Policy is deployed by means of four tools:

- the Responsible Procurement Charter drawn up by Covivio promotes the principles of the UN Global Compact, the Diversity Charter, the International Labour Organisation and its own Code of Ethics (2.6.2.1). The latter seeks to fight corruption and money laundering, ensure appropriate payment terms, avoid economic dependency and conflicts of interest, fight anti-competitive practices, and comply with the provisions of the General Data Protection Regulation (GDPR). Covivio's Responsible Procurement Charter sets out how its CSR actions correspond to the UN's 17 Sustainable Development Goals (SDGs) for 2030 and the 10 principles of the Global Compact. This Charter was updated in 2018 in keeping with the Group's new identity and scope, as well as the new regulations, in particular those related to the GDPR. At the end of 2019, over 120 suppliers had signed the new version of the Charter. This number will continue to grow over the coming months. The Charter was also presented to the main suppliers in Italy involved in development projects, as a first approach to the responsible procurement policy
- a CSR clause in contracts to ensure the CSR commitment of suppliers. In Italy, the Property Management team has integrated green clauses into maintenance contracts, including waste management, the use of ecological materials and cleaning products, as well as the management of energy and assistance during energy audits and microbial analyses. Similarly, in Germany, the vast majority of materials and equipment products listed by Covivio Immobilien have a demanding German certification guaranteeing respect for the environment and the health of users. These guidelines will be reviewed in 2020, in particular to incorporate the environmental recommendations linked to the portfolio's HQE certification for buildings in use (HQE Exploitation). Since 2011, in France, responsible procurement clauses have been inserted in maintenance/construction work specifications and contracts. Moreover, a clause on compliance with applicable anti-corruption laws and regulations was included in new specifications and contracts signed in France
- a survey questionnaire on suppliers' sustainable development practices, was updated in 2018/2019 and sent to all French suppliers taking one or more orders of over €200,000 before taxes in any 12-month period. The following are excluded from this process: insurance, banking, joint ownership, tax, notaries, duties and royalties. A score is calculated based on the responses received and weighted based on the number of employees and revenue of the responding company. The 49 questions cover issues ranging from governance (including the fight against corruption and the existence of a Code of Ethics), to the attention paid to environmental risks (such as toxic discharges and a waste management policy), and social/societal issues (including workers' rights and workplace health and safety). The first questionnaire, launched in 2011, had yielded responses from some 380 suppliers, accounting for over 80% of strategic expenses. The updated version of the questionnaire has been distributed since the second half of 2019, and yielded over 60 responses at end-2019.
- An annual audit, which covers some ten suppliers, has made it possible to audit nearly 60 suppliers and consultants to date. This audit, conducted by an independent procurement specialist, verifies the quality of the responses and provides more in-depth data on certain issues, such as the measures implemented by the audited company concerning outsourcing, its workplace accident rate, its carbon footprint, etc.

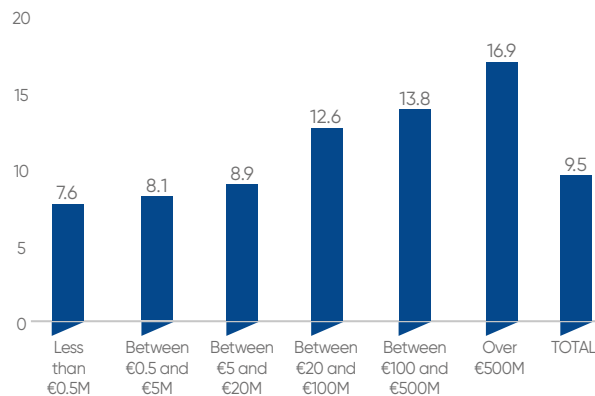
The graph below shows the percentage of positive responses to a number of topics dealt with in the questionnaire. It shows a correlation between the suppliers' level of CSR commitment and their size, expressed in terms of revenue.

Percentage of positive responses to the CSR questionnaire topics by revenue category as at 31/12/2019



The graph below presents the average scores (out of 20) obtained by suppliers based on the top 63 responses to the questionnaire and after being weighted according each company's revenue figure. The results show a correlation between the size of the companies and the scores obtained due to their differing levels of maturity in terms of CSR ⁽¹⁾.

Average score according to the companies' revenue category as at 31/12/2019



In 2015, Covivio signed the **Charter for Responsible Supplier Relations** or RFR – an initiative of the French government – showing how mature its approach is. Signing this charter is a milestone in improving relations between customers and suppliers and promotes the dissemination of ethical purchasing practices in relation to suppliers. An internal mediator, the Sustainable Development Director, represents the Group in managing any potential disputes with suppliers. No disputes arose in 2019.

2.4.2.2. Annual audit

An annual audit of the responses to the questionnaire is conducted by an independent, specialised third party (BuyYourWay) on a diversified sample of ten suppliers. In 2019, 10 suppliers responded to this request. Besides the verification of a certain number of responses, the exchange with the supplier or consultant makes it possible to identify areas of improvement, subsequently giving rise to recommendations in the form of a personalised summary. At the end of 2019, no serious anomalies had been identified and no suppliers were de-listed. This audit also offers an opportunity to ask suppliers and consultants questions beyond those included in the questionnaire, regarding their outsourcing practices, the measures they take to raise their

(1) An update of the sustainable procurement policy figures will be published in the 2019 Annual Report on Sustainable Performance.

employees' awareness of climate change and CSR issues and how they measure their socio-economic impacts.

To date, the responses of 58 suppliers have been audited by this specialist body and were followed up with recommendations.

Covivio does not intend to conduct or initiate on-site audits. In France, for example, on-site inspections are performed by the Health and Safety Coordinator (*Coordonnateur SPS*) or by the Labour Inspectorate (French government body) for worker registration and working conditions. There are also SPS⁽¹⁾ Coordinators in development projects in Italy and Germany. In addition, suppliers have conducted a certain number of internal audits. Accidents are subject to specific monitoring (2.4.2.3).

In 2019, the 10 audits conducted with suppliers and consultants involved a variety of sectors including guard services, construction and architecture. The companies obtained scores ranging from 7/20 to 16/20, due to their size and their proximity with an individual end-customer ("BtoC"). In terms of CSR Governance, practically all of the companies have a CSR process. While the level of formalisation of this process varies greatly, the audits revealed that each company had identified lines of action

according to their priorities and set up monitoring systems in this regard. However, despite the existence of specific labels for their respective sectors, very few used management systems such as ISO standards. Lastly, it should be noted that suppliers tend to underestimate themselves (indeed, the final post-audit score is sometimes doubled or even tripled), which reinforces the benefit of these more in-depth interviews.

2.4.2.3. Construction site accidents

Covivio has implemented monitoring of accidents across all its development and renovation operations. The following table presents the data collected at the sites of investment properties under development during 2019. Across all the sites of investment properties under development in Europe, Covivio was saddened by the death of two people from subcontracting companies in 2019 (vs. none in 2018).

In Italy, no serious accident took place in 2019.

The accident statistics for the France Offices portfolio are presented in the following table.

■ Accidents at development and renovation sites in France in 2019 *(Data from suppliers)*

Total number of hours worked on the sites	262,419
Number of lost-time occupational accidents	7
Number of lost working days	1,000
Accident frequency rate	26.67
Severity rate	3.81

The average figures for the construction industry as calculated by the French National Health Insurance Fund, are 29.3 and 2.6 for frequency and severity respectively. The data published by Covivio was taken from five sites that were completed in 2018 and 2019.

⁽¹⁾ Health and Safety Coordinator.

2.4.3. Quality of relations with external stakeholders (customers, suppliers, etc.)

Covivio has grown by building and developing strong ties with its main stakeholders. Its business necessitates a multitude of relationships with different stakeholders, both private and public, and of varied sizes and sectors (2.2.3.1). As the Group's success is at least partly based on the quality of relations with external stakeholders (including customers and suppliers), these are now deemed to constitute a risk, which has been analysed and found to be very well managed. Strategies have been put in place to better meet expectations (2.2.3.2) in particular those of customers, suppliers and advisers (2.4.2). Above and beyond the quality of these relationships and the trust that is built through structural partnerships, Covivio sees cooperation with its external stakeholders as a driver of innovation and growth.

2.4.3.1. A long-term strategy based on partnerships

Covivio favours a long-term partnership strategy with its tenants, shareholders, employees and suppliers, and in the context of its initiatives with local authorities and non-profit organisations. This is the foundation of its success.

Always seeking to enhance customer satisfaction, Covivio makes every effort to understand its customers' strategic issues and anticipate how these will evolve in order to improve the "customer experience". Complete control of the real estate chain and the service-based approach taken to invent "on demand" properties enables Covivio to improve the customer and user experience.

Through its Purpose manifesto, Covivio has publicly set itself qualitative objectives, in order to maximise customer well-being:

- starting in 2020, all new projects will aim to obtain a well-being certification
- all customer requests will be dealt with within 24 hours; satisfaction will be measured on a regular basis and reflected in the teams' remuneration.

To achieve its objectives, Covivio relies on the experience of its teams and its partnership-based DNA, which has enabled it to establish a relationship of trust with its customers. The procedures put in place cover the entire customer experience, from arrival to departure, in order to assist customers throughout their experience in a Covivio building. The new tools rolled out, such as the application MonBuilding (2.6.3.1) and instant satisfaction measures, aim to optimise the customer experience.

Furthermore, by adopting a policy of renovating spaces in cooperation with its tenants, Covivio's goal is to propose the broadest possible and most suitable range of services for the building. This approach takes into account the challenges and the specifics of the market in which the building is located. Therefore, for all assets directly managed by Covivio, there is an investment programme specifically for providing services, such as a building application, a concierge service, a well-being space and partnerships with retailers.

■ Enhancing customer experience with stand-out initiatives



In addition to the major satisfaction survey conducted in France in 2019 with 1,300 end-users, Covivio conducts a target-specific satisfaction survey every six months with customers in direct contact with its Customer Relations teams. The last such survey was conducted with the help of an external consultant. It involved 127 customers from the 27 core multi-let Office buildings in France.

The objectives of this survey were to measure customer satisfaction, deal with shortcomings through specific action plans, and find out about customer expectations in order to adapt the service offering accordingly. The results were highly satisfactory:

- 90% of respondents appreciated the availability of the Customer Relations teams
- 92% felt that the quality of the responses provided was perfectly suited to the issues raised
- 71% felt the web platform for tenants needed to be more dynamic. This confirmed the customers' interest in the application MonBuilding launched by Covivio.

The survey conducted in Italy with 131 tenants revealed an excellent satisfaction rate, with 31.3% of tenants totally satisfied and 68.7% quite satisfied.

Beyond these periodic measures, the tenant partnership committees remain an excellent way for the teams to identify customer needs and adapt their offering accordingly. These committees meet at least twice a year in France and in Italy, for all of the buildings.

In Germany, Covivio Immobilien has close knowledge of its customers' expectations thanks to around thirty local branches and a telephone line available to tenants so they can report any requests or malfunctions concerning their accommodation. An emergency number is also available 7 days a week in order to implement the best solutions as quickly as possible. In 2019, a similar application was launched for German tenants.

In 2019, the specialist magazine "Focus Money"⁽¹⁾ once again recognised Covivio Immobilien as the "fairest" private company in the residential sector. The results of the study stem from a survey conducted by ServiceValue, with 1,200 tenants from 23 German real estate companies. The 32 categories covered in the questionnaire were grouped into six major topics: access to housing, tenant care, services available, rents, overall condition of the housing units and sustainable development. Covivio was rated "Very Good" for 5 of the 6 topics, including sustainable development, thus ranking 1st among private companies in the overall ranking.

Covivio also holds regular meetings with customers and prospects to talk with them about the problems encountered and get their feedback. These meetings are essential for Covivio to stimulate fresh thinking and define its service in keeping with customer requirements. In November 2019, Covivio thus joined forces with innovation media leader Maddyness to co-organise an event entitled "Ready for an immersion into the future of the living building?". Users and innovative start-ups took part in workshops focused on topical issues including mobility, new restaurant concepts and well-being.

2.4.3.2. Innovation at the heart of the customer approach

Real estate is changing at a faster pace than ever, driven by new technologies and new customer needs and uses. For Covivio, innovation is both a source of enhanced competitiveness and a way of opening up new markets. For each of its three product lines (Offices, Hotels and Residential), Covivio has placed innovation at the heart of its strategy in order to improve the appeal of its buildings and offer its customers a fresh new experience.

At a European level, this strategy revolves around two pillars:

- designing buildings that cater to new expectations: openness to the city; new designs for working spaces; new real estate

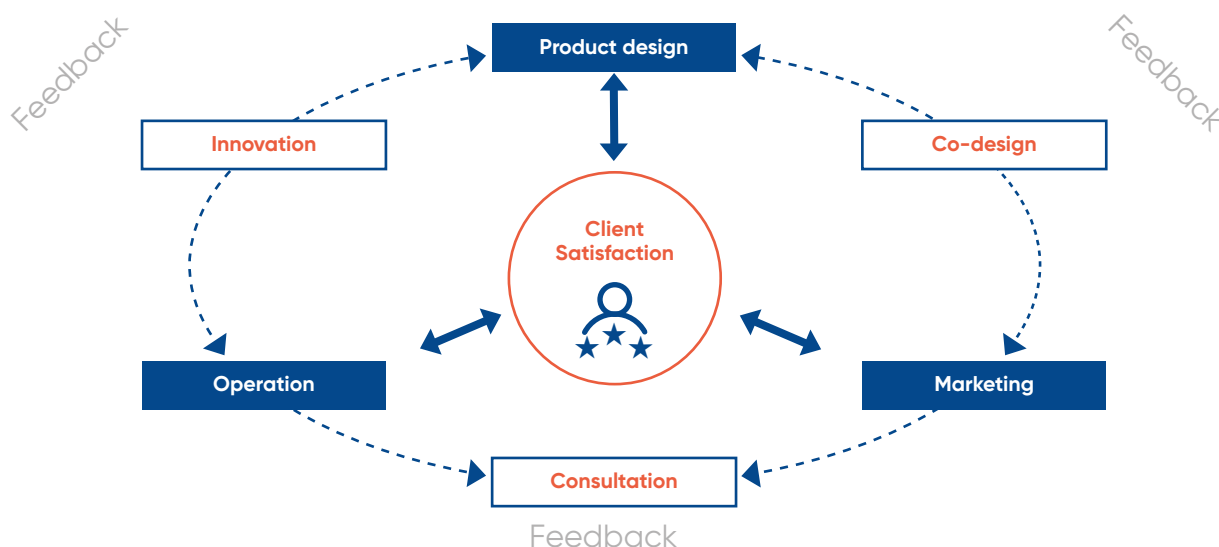
offers; connected buildings; and buildings that are sustainable and energy efficient

- developing new real estate services and solutions that refresh the customer experience and meet the expectations of new uses: coworking with the Wellio offer launched in early 2018 and co-living with the "Covivio to Share" offering rolled out in Germany.

To accompany the trends that drive its markets, Covivio implements its innovation-driven approach on a pan-European basis through various means:

- developing synergies with innovation players: Covivio has set up partnerships with incubators (such as Impulse Partners) to identify real estate innovations developed by start-ups at an early stage, and with Maddyness, the magazine for start-ups and innovation that promotes Covivio's actions with regards to its ecosystem
- entering into innovation partnerships with corporate tenants, in order to accelerate real estate transformation and support the customer experience, like with the Orange group for the restructuring of the Paris-Montmartre building
- Instilling a culture of innovation in all employees: as innovation is cross-functional and collaborative, actions have been initiated in all Group entities to identify and work with new players in the world of real estate.

■ Bringing innovation into the heart of the customer experience



(1) https://www.focus.de/finanzen/news/studie-fair-zum-mieter_id_10131786.html

In the footsteps of the partnership initiated in 2016 with French real estate start-up incubator Impulse Partners, Covivio has entered into a partnership with German incubator PropTech1 Ventures. Based in Berlin, this specialist incubator is a venture capital benchmark in Germany for real estate start-ups operating across most residential real estate segments: smart building, energy transition, digital management tools, etc. This collaboration with the specialised fund reflects Covivio's resolve to anticipate and source innovative new players with the aim of offering new products and services to customers. Besides this partnership with PropTech1, Covivio has brought in start-up Facilioo to digitise the management of its customer relationship in its German residential portfolio. Facilioo developed the application "Covivio #home" and made it available to all Covivio housing customers in Germany, making it possible to post service requests for the portfolio, digitise administrative documents related to the rental of housing units and allow customers to track requests in real time.

As part of the partnership with the *Politecnico di Milano* Foundation, Covivio and the department of architecture at *Politecnico* are working together on the "Masterplan and perceptual study" project. Aimed at engaging the community for the development of Symbiosis and Vitae (2.4.1.3.3), this project aims to contribute towards optimising the experience of end users and, ultimately, their well-being. Vitae was thus the pilot for the application AR4CUP (Augmented Reality for Collaborative Urban Planning) based on the use of experience simulation through augmented reality, to anticipate and pre-assess urban design projects. The AR4CUP project aims to promote the marketing of a new SAAS (Software As A Service) product that will allow the on-site presentation of urban projects through Augmented Reality, so citizens and decision-makers can work with architects and developers in a virtuous creation process. Vitae was ranked among the four finalists of the MIPIM Awards 2020, in the "Best Futura Project" category.

Innovation is in Covivio's DNA and embedded in its Purpose manifesto, in particular through the following objective: by 2025, all multi-let Office buildings will offer a wide range of services, accessible via a mobile application, and all Office developments will have a high level of connectivity.

2.4.3.3. Making a success of the environmental transition together

Covivio is fully aware of the need to involve its partners (customers, suppliers, etc.) to ensure the success of its actions in terms of environmental transition, particularly for its 2030 carbon footprint target (2.3). Build sustainable relationships and well-being: Covivio's Purpose reflects this goal and its expertise in the field.

By putting in place different actions, such as environmental annexes and sustainable development partnership committees, Covivio has laid the foundations for a relationship based on effective and constructive dialogue, in order to optimise the environmental performance of its buildings.

As part of its special relationship with each tenant, Covivio has been organising Sustainable Development Committees in France since 2010. The committees have facilitated and anticipated the inclusion of environmental annexes in 100% of leases for more than 2,000 m² of offices or retail space in France. Other leases, which are not subject to this requirement, also benefit from annexes, and this formalises the parties' commitment to CSR including energy, carbon, water, waste, transport, biodiversity, etc. These exchanges make it easier to obtain HQE certification for buildings in use (HQE Exploitation) or BREEAM In-Use certifications, selected in collaboration with tenants. Looking ahead, the framework provided by the environmental annex will facilitate application of the service sector decree of July 2019. In 2019, the Sustainable Development Committees covered 270 hotels and more than 102 buildings in the France Offices portfolio i.e. 28 multi-let buildings (88 tenants met), nine single-let buildings and 65 buildings occupied by corporate tenants.

In 2017, in Italy, Covivio drew up a Memorandum of Understanding (MoU) containing environmental clauses for tenants who wished to sign up. As such, the parties are invited to cooperate in order to identify any solutions and measures that could be deemed useful, appropriate and/or necessary for the purpose of improving the building's energy efficiency throughout the term of the lease. This document is now appended to all new leases. As at 31 December 2019, 21 signed leases included the MoU.

To assist the residents of Covivio buildings in Germany and raise awareness, a welcome booklet is provided to them when they move in and is available on the German website (www.covivio.immo/mieterhandbuch/). This booklet contains information on aspects such as the proper use of the heating system and waste sorting, as well as tips to reduce the energy consumption of the housing unit.

The tenants of the Covivio Hotels portfolio have all implemented proactive policies to reduce their expenditure on water and energy, reduce the amount of waste they generate and their ecological footprint, strengthen their ties with their stakeholders, and be acknowledged as responsible and committed players when it comes to the major environmental and social challenges. Their own customers, both private and professional, are also increasingly demanding in terms of organic, healthy food and virtuous products and services.

2.5. EUROPEAN HUMAN CAPITAL CREATING VALUE

Convinced its success is based on an ambitious and future-oriented human resources policy, Covivio strives, on a daily basis, to create an environment where its women and men can express themselves and realise their full potential.

In the different positions and jobs within Covivio, levels of expertise and skill plays a decisive role at all levels. Attracting the best talent is not enough, however, as such talent must also be retained and developed, which involves monitoring the career path of each person. An ambitious training programme supports and assists this approach, which is consistent with the Company's strategy and part of a dynamic initiative which is respectful of diversity in all its forms.

All these actions hedge the "Skills/Attractiveness/Diversity" risk. They are described in 2.5.1, with additional explanations in 2.5.2 touching on social dialogue, health and safety of employees and the Company's carbon footprint.

The Human Resources (HR) policy developed by Covivio revolves around four action areas that are essential to the momentum of the 2015-2020/2020-2025 objectives detailed in Section 2.2.6, namely:

- professionalisation and the pursuit of excellence at every level
- a fair remuneration policy, directly linked to performance and achievements
- exemplary management at the local team level
- a transparent and constructive social climate.

As of 31 December 2019, Covivio employed 998 people: 317 in France, 157 in Italy, 520 in Germany, three in Luxembourg and one in Spain. The report presented below concerns the 994 employees

located in the Group's main countries: France, Germany and Italy (Luxembourg and Spain-based employees are operationally attached to these main entities).

While some aspects are handled locally (including recruitment and the negotiation of agreements) in view of local practices and regulations, others reflect shared values across the Group and are similarly deployed in all three countries. Diversity, social dialogue, professional development, quality of life at work, work/life balance and prevention of all forms of discrimination are among the common concerns that underpin Covivio's HR policy on a pan-European basis.

In 2019, the pan-European dimension of the HR policy was further highlighted with the Engagement Survey sent to all employees, and with ongoing initiatives such as the *Ex-Aequo* programme and Employer Brand, and the monthly meetings of the European HR committees, where HR best practices and priorities are discussed.

ENGAGEMENT SURVEY: A SURVEY OF WORKING LIFE ACROSS EUROPE

This anonymous online survey administered by Kantar, which was introduced in France in 2015 and then conducted again in 2017, aims to learn more about employees' perceptions about the quality of life at work, the management, change management, and cooperation and cross-functionality, and to compare Covivio to other companies on these topics.

In 2019, the survey was administered across Europe for the first time. With a 73.4% attendance rate in Europe, the results are statistically significant and help to better identify the strengths and areas for improvement, on both a Europe-wide basis and in each of the three countries. Thus as a result of the survey, working groups involving 120 volunteer employees in Germany are working on five key topics: change management, cross-functionality, internal communication, innovation and customer centricity.

In the Purpose manifesto issued in early December 2019, Covivio set the goal of measuring staff well-being every other year, sharing the findings and investing in the cited areas for improvement.

The aim of the *Ex-Aequo* programme is to promote gender equality on a pan-European basis.

In 2017, Covivio launched the *Ex-Aequo* programme with the goal of fostering the development of women within the Group. It consists of two main components:

- awareness-raising actions for all employees on gender equality, using surveys and internal information meetings, including first-hand accounts and a discussion moderated this year in Italy by Micaela Le Divelec Lemmi, Managing Director of the Ferragamo Group

- a mentoring programme designed to support and guide women seeking guidance on their professional career through the support of a mentor who is a member of the European Management team. Today, 19 French, Italian and German women benefit from this programme.

■ Key corporate social performance indicators (as of 31/12/2019)

994

EMPLOYEES
IN FRANCE, GERMANY AND ITALY
(+ 8% FROM 2018)

"SKILLS/ATTRACTIVENESS/DIVERSITY" RISK

90.8%

EMPLOYEES ON OPEN-ENDED CONTRACTS

40

INTERNAL MOBILITY

85.9%

FULL-TIME EMPLOYEES

50%/50%

PERMANENT MALE/FEMALE EMPLOYEES
IN EUROPE

19

PARTICIPANTS IN THE EX-AEQUO
PROGRAMME

4%

STUDENTS ON APPRENTICESHIP
CONTRACTS

100%

EMPLOYEES COVERED
BY A COLLECTIVE AGREEMENT

108

HIRES ON OPEN-ENDED
EMPLOYMENT CONTRACTS

2.5.1. Skills/Attractiveness/Diversity

Covivio conducts its business in an industry in which human capital is a key factor to the success of the Company. The challenges related to skills, attractiveness and diversity were identified in the risk mapping as major issues for the future of the Company. The different initiatives in these domains are described below, with an overall approach set at the European level that preserves autonomy, in order to guarantee better flexibility and responsiveness for these three entities: Economic and Social Unit (ESU) France (Offices and Hotels), Italy (Offices) and Germany (Residential and Offices).

The study conducted in 2018 into the risks facing Covivio showed: that it is exposed in the event that it loses skills and know-how due to high turnover or is unable to attract or retain talented people; that it cannot develop current skills should there be a lack of investment in training; that it is sensitive to psychosocial disorders (unhappiness in the workplace, occupational illness) if they are not prevented or, if necessary, treated; and that it is sensitive to discriminatory practices in the absence of awareness training and alert mechanisms leading to major reputational risk.

2.5.1.1. A recruitment policy that supports the strategy

Covivio's European workforce is larger than in 2018, with a total of 994 employees at 31 December 2019, compared with 922 at the end of 2018. This growth is linked to an increase in the hiring of people on open-ended contracts, driven by the creation of new activities within the Group (such as Wellio and residential development in France and Germany).

2.5.1.1.1. An ambitious recruitment policy

Organised to face the growing challenge of attractiveness and talent retention, in France Covivio's Human Resources Department devotes 55% of its staff to recruiting, monitoring and developing talented people. The Employer Brand policy instituted as part of the rebranding flourished in 2019, with new editorial content published on social media and in publications targeting students (*L'Étudiant*, *les Échos Start*). Ambassadors were appointed from among the teams and trained during a special day-long event in France and Italy that is also scheduled to be held in Germany in 2020. Lending their image and voice to the Covivio Employer Brand, these employees represent the Group and its business lines on social networks as well as in forums organised by schools. In Germany, a new Careers web page went live in 2019, rounding out the tools implemented in 2018 as part of the rebranding. Recruitment and sourcing tools, publications and advertisements match the Covivio brand that is now deployed across Europe. The recruitment team was also strengthened, in order to meet a growing need in the tight German market.

Recruitment needs are studied and determined by General Management according to the priorities and multi-year business challenges. Mid-year and end-of-year interviews as well as people reviews, are used to measure both employees' workloads, the depth of skills required, their long-term allocation, and any changes in skills that need to be addressed. These components are used to outline a recruiting plan, which is reviewed monthly in all three countries.

In an intense operating climate, the number of new permanent employees recruited remained high in France in 2019, with 28 hires, corresponding in more than half of cases to new positions created, mainly to support new business growth, such as asset management and Hotels development in Europe, coworking, or projects to convert office buildings into housing. In 2019, coworking, under the Wellio brand, generated one-quarter of these new positions (local site managers, manager of the event services), and it is becoming a fully-fledged product in Covivio's business strategy. Covivio's recruitment strategy, driven by new business creation, responds to a desire to acquire and develop new skills and, through synergies and sharing cross-functional knowledge, support all areas of the business, in particular B2C services and activities (coworking, Hotels asset management) and, of course, digital technologies. This is supported by the recruitment of a Chief Technical Officer responsible for rolling out the Company's cloud.

In 2019, the headcount surged in Germany, with the hiring of 112 new employees (60% under open-ended contracts) in order to expand the workforce, both within the development teams in light of the strategy of creating value from properties held by the Group, and in the property management and Covivio Immobilien retail teams. This growth occurred mainly in Berlin, which is home to 31% of the German workforce, up from 27% at 31 December 2018. On the other hand, in France the geographic distribution largely remained stable, with the Paris headcount at 74%, compared to 73% at 31 December 2018.

The headcount in Italy rose due to permanent hires (a 10% increase in the permanent workforce), particularly within the real estate development teams but also as part of the introduction of Wellio coworking in Milan, and due to the hiring of an IT manager to steer digital transformation. The merger of Beni Stabili with Covivio on 1 January 2019 did not lead to a restructuring or any job losses. The geographic breakdown of employees in Italy remained similar to 2018, with two-thirds of the workforce located in Milan, one third in Rome and two employees now located in Turin.

With its long-standing focus on developing talent, Covivio continues to boost its "incubator" policy through the recruitment of young people (under age 30) under open-ended contracts

(53% on open-ended contracts) and apprenticeships. Once again, Covivio had a strong presence on student forums in 2019 (ESTP, HEC, ESSEC, EDHEC, Dauphine), and this was bolstered by the organisation of afterworks with students graduating at the end of the year, and the establishment of a partnership with ESTP that gives the Group visibility to students as soon as they matriculate at the school (e.g. sponsorship of the orientation seminar). In Italy, Covivio participated in forums at the Politecnico and Università Bocconi in Milan. In Germany, eight people under 30 years of age were recruited (12% on open-ended contracts), meaning that 94% of employees at the end of 2019 were in this age range (compared with 3.6% at the end of 2017), and allowing a continuous rotation of the generations within the workforce.

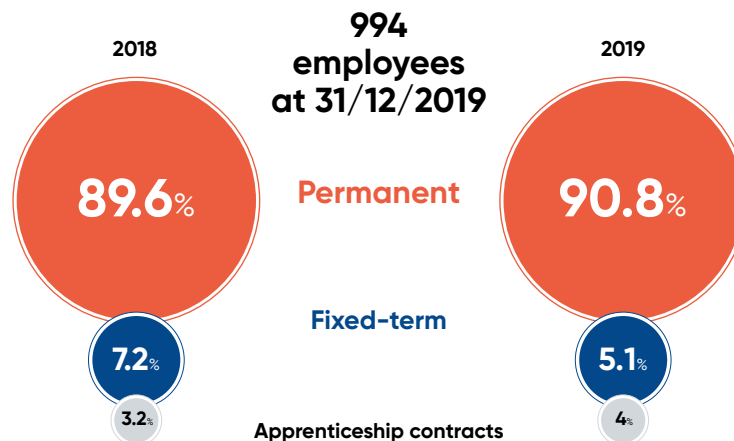
The quality of the recruitment and integration process is a focus of attention. Through four interviews, intended to be discussions, candidates have the opportunity to obtain a practical overview of the Company and its strategic challenges. An interview with General Management concludes the recruitment process, and is intended as the first stage of a true working partnership. An English test is conducted during the process, in line with the Group's requirements for European integration.

Once recruited, each new employee meets three members of the Management Committee, including the Chief Executive Officer, during their integration. In Germany, in order to ensure the smooth integration of new hires and trainees, tours of new properties or cities with interesting features for the residential sector are regularly arranged. In France, new employees are given priority on site visits organised every quarter for the Group's employees.

GRADUATE PROGRAMME

In 2019, Covivio created a programme for recent graduates hired on open-ended contracts. As part of this graduate programme, these hires experience three rotations over an 18-month period, one of which must be in a different Group country. As an integral part of Covivio's recruitment and development policy, the programme reflects Covivio's strategy of generating an incubator of talent that is entirely European. The first cohort, in 2020, will consist of three young people hired on open-ended contracts.

2.5.1.1.2. A growing workforce



In 2019, the number of employees on fixed-term contracts in France still represented a small proportion of the workforce (1.3% at 31 December). One-quarter of these employees on fixed-term contracts were replacing absent employees, while three-quarters of them were hired to help manage surplus business stemming from the growth of new business activities, mainly Wellio. In Germany, the use of temporary contracts is traditionally more common, but still limited (7% of the workforce at 31 December 2019), and the proportion of temporary contracts was lower than in 2018. The proportion of employees on open-ended contracts thus continued to grow—accounting for 90% of the total workforce at end-2019—testifying to the emphasis placed on talent retention and supporting the Group's future growth. In Italy, the proportion of employees on fixed-term contracts dropped to 6%, mainly maternity leave replacements or contracts related to Property Management assignments which are time-bound by definition.

The distribution by socio-professional category (SPC), has seen the greatest change in the Managers category, whose share now exceeds 80% of the workforce in France due to recruitment throughout the year (95% Managers) and the promotion of supervisors (the proportion of which fell from 11.6% to 10.4%) to Manager positions. The proportion of employees increased in 2019, which was exclusively linked to the increase in the number of apprentices, who are recorded in this category.

Turnover among departing employees on open-ended contracts was down in France, to 6.2%. Retention risk, which is high in the real estate sector and is identified clearly in our risk mapping, has been addressed by strengthening an aggressive HR policy in terms of career development (see below on the introduction of career development interviews), mobility, promotion, remuneration and quality of life at work. Turnover due to resignations alone (excluding retirements and termination of the trial period) was only 3.3%. In Italy, turnover was down at 6%, from 9.85% at end-2018. An action plan was successfully put in place in 2019 to reduce turnover among Building Managers, who are in great demand on the market.

In Germany, employee turnover was up 9.5% compared with 8.3% at the end of 2018, in a very buoyant market environment, particularly in Berlin. Nevertheless, this increase must be viewed through the lens of the number of retirements, which represented one-third of departures.

In 2019, nine of the Group's French employees changed jobs (half of whom received promotions), that is, 3.2% of permanent employees at 31 December 2018. In Europe as a whole, this figure was 4.8%.

There were no restructuring plans involving redundancies during 2019 in any of these three countries.

The proportion of apprenticeship contracts was up (8.2% of the workforce in France, 3% in Germany and 1% in Italy), in line with the young talent development policy. Eighteen internship contracts were added in France during the year to the 26 apprentices already existing in Europe at 31 December 2019. This was in addition to several students in Germany on fixed-term contracts of 20 hours per week maximum, in accordance with German legislation (not included in the workforce figures). These students are systematically assigned a supervisor within the Company, who is a professional recognised in their field, and they are monitored throughout the year by the Human Resources Department. In 2019, all supervisors were offered a full day of training for their role. In addition, the Human Resources Department ensures the proper progress of apprenticeships in terms of tasks assigned, integration into the Company and workload through a mid-year interview with each apprentice. For the first time in 2019, Covivio received the "Happy Trainees" certification issued by the organisation Choose My Company based on an anonymous survey sent to all trainees and apprentices. With a recommendation rate of 95.5% and an overall score of 4.85/5, Covivio received this certification in its first year of participation.

Five out of six of the contracts upgraded to open-ended were for Group trainees or apprentices.

The Company's support for the employment of young people is also reflected in the seasonal recruitment of students, 50% of whom are recruited as part of the "Passerelle" partnership at the Paris and Metz sites, which welcomes young people from Lycée Louise-Michel (Bobigny) and gives them their first work experience.

To increase diversity at Covivio and take practical measures to promote equal opportunities, the Group works closely with the Article 1 association, which brings together the Frateli and Passeport Avenir initiatives, to provide support to promising students from modest backgrounds (2.4.1.3.2). Some of these young people have mentors who are Covivio employees and were hired for summer jobs or six-month internships.

INTEGRATION PROGRAMME

Covivio pays particular attention to the onboarding of new employees. The integration programme is organised to include an entire day for the group of new hires in the half-year period to help create a "class spirit" mindset in the Company. During the course of the day, the Human Resources, Sustainable Development, Internal Audit and operational departments (Asset Management, Finance, Property Management) participate in sharing essential aspects of their roles. The programme ends with each new recruit providing a discovery report to two members of the Management Committee, followed by a breakfast discussion with the Chief Executive Officer.

2.5.1.2. Providing skills development

Covivio considers the development of individual and collective skills as key factors in providing the best possible service to its customers and partners and in ensuring a suitable and motivating career path for each employee. Each of the three countries defines its annual training plan, depending on multi-year priority focuses. Since 2017, digital technology and English-language proficiency have been strategic priorities for skills development.

2.5.1.2.1. A training policy that supports the strategy

For skills development, Covivio continues to align the training plan with the Company strategy and the individual development of each employee. The training plan pursues two main objectives: to promote the Company strategy by running group training courses correlated to strategic priorities and changing circumstances (such as new market opportunities and legislation); to encourage individuals' development through training programmes focused on jobs, English-language proficiency, mastery of digital tools, or professional and personal growth. The aim is to both develop Covivio's skills capital and retain employees, who are increasingly mindful of their development and employability.

Every year, meetings are organised with each activity director, to determine the changes that could impact business activities and require training to allow employees to improve their skills. The people reviews conducted for each business activity, also enable multi-year priorities for training to be defined. The annual interviews then identify individual needs in the field, based on the overall list of requirements, and refines them on an individual basis through discussions with and observations from the employees and local managers.

Covivio pays special attention to the development of its employees' skills: in France, 73% of them received training in 2019, individually or in groups, within or between companies, or more rarely internally. On average, each French employee receiving training had 15 hours of training.

The equivalent of 4% of payroll was invested in training in France during 2019.

In France in 2019, the training policy prioritised professional effectiveness and management (accounting for a total of 57% of training sessions), particularly through the Training Week but also through training courses on interpersonal communication (especially Process Communication). The second most common topic was job training, which accounted for 25%.

Health and safety (9%) remained an important concern (raising awareness about the quality of life at work and the prevention of psychosocial risks, initiation or updating of workplace first-aid skills). Pre-retirement training courses are regularly offered to assist those employees approaching retirement age who wish to take such courses (one employee in 2019).

Many English language courses continue to be provided as part of Covivio's international development strategy: these courses accounted for 12% of the training provided in 2019 in France. English language courses were also emphasised in Italy, where 350 hours of training were delivered, up from 240 hours in 2018. Italy's HR Department also invested in job and technical training programmes after focusing on tools in 2018 (Altaix and Office 365). In 2019, 80% of Italian employees completed either an external or in-house training programme.

In Germany, 41% of employees completed more than half a day's training in 2019, averaging 21 hours. The training programmes encompass varied procedures and topics, and are offered in an individual format, such as coaching or management training, and for groups on topics such as health and safety. In late 2019, individual lists of training needs were compiled for the first time through discussions between managers and their teams. These will serve as the basis for the 2020 skills development plan.

4TH TRAINING WEEK

Since 2013, Covivio has been capitalising on its teams and their teaching talent to educate and train employees in the different Group business lines and to share the concepts and indicators they use in the day-to-day work. In 2017, digital technology became part of the process in the form of e-learning modules designed in-house. Once again in 2019, Training Week was digitally focused and engaging, featuring the creation of a Europe-wide Business Game, and incorporating into it new concepts such as storytelling and design thinking. To promote teamwork and the notion of gaining perspective, the programme also included cooperation and mindfulness workshops.

2.5.1.2.2. Integrated and dynamic career management

From a collective point of view, the key moment in Covivio's talent management cycle in France is the people reviews, cross disciplinary meetings that provide an overview of a business line's talent "pool" and the keys to employee retention, development and recruitment, based on the business line's development, objectives and relevant job markets. One people review was conducted in 2019 (information systems), and another is scheduled for 2020 (young talent).

On an individual level, the annual meeting between employees and their managers, along with various interviews conducted by the Human Resources Department, lie at the heart of the professional development programme for every employee. In 2019, 99% of employees present had their annual interview with their manager, as well as a mid-year interview to discuss progress on achieving objectives and updating them, where appropriate. Discussions are based on two separate components in the annual interview. The first part is devoted to performance, evaluating attainment of objectives, measuring the employee's main results, both quantitative and qualitative, and setting the

objectives for the following year. The second part is devoted to skills development and training.

PROMOTING EUROPEAN CAREER PATHS

Covivio is convinced that sharing good practices and strengthening links between countries requires the involvement of everyone at all levels. It therefore seeks to encourage the mobility of its employees at a European level, notably by putting in place mobility initiatives for young employees on a pan-European basis. In 2019, three students received at least four months of training in another Group country, with people from France going to Germany and people from Germany visiting France.

In 2020, one French employee will join the Berlin teams for two years to work on expanding the Offices business in Germany.

Starting in 2019, discussions on the employee career development path have been taking place through a specific "career

development review" conducted at least every two years. This is an opportunity for a healthy dialogue between manager and employee about the employee's expectations. All managers were trained in 2019 in conducting this review, which requires a different attitude from that of the end-of-year interview and needs a "coach manager" approach. This career development review may be followed by a human resource interview to assess the feasibility of any proposal and to put in place the necessary support (covering skills assessment, individual training account, career transition, professional development advice, coaching and job training). If a move is requested in the short term (one year) or medium term (three years) during this interview, an additional exploratory interview will be scheduled with the HR team to search for short-term growth opportunities through internal postings.

In 2019, one employee solidified her career plan thanks to a three-year training programme leading to a qualification funded by Covivio. Since then she has been working in a position that allows her to put her new qualification to use.

■ Key moments in career management



In Italy, annual performance meetings, introduced in 2015 based on the French model, combine performance evaluation, skills development, establishing training needs and any request for a change, and are now offered to all employees. In 2019, 100% of interviews were held (98% in 2018). A mid-year interview was instituted in 2019 to review the annual goals at the mid-way point.

In Germany, an increasing portion of the workforce takes part in end-of-year interviews (62% in 2019 compared with 54% in 2018). Although these interviews were originally considered optional and unconnected to individual variable compensation policy, more and more employees are scheduling them. They offer employees and managers a chance to review the past year and work together to identify performance benchmarks. These interviews are also an opportunity to discuss the training needs or wishes of each employee. In 2019, it was decided to extend these reviews to everyone; the form and process recommended by the working groups following the Engagement Survey (see below) will be instituted in 2020.

2.5.1.2.3. Digital transformation

In line with the structured approach already in place for several years, Covivio is continuing its digital transformation with the appointment of a Chief Digital Officer in 2018. This Officer is an Executive Committee member responsible, alongside the Innovation and Information Systems departments, for designing the Group's European Digital Road Map for the next three years. In 2019, a digital roadmap was drawn up. It outlines the ambitions and milestones for accomplishing this transformation, from both a business and customer perspective and an employee and working practices perspective.

Covivio continues to adapt its HR services and user experience. The shared HR portal, which is open to all Group employees and allows them to access personal information and online services (including certifications and copies of payslips among others) has been extended to include a digital safe. This offers, the option of receiving electronic payslips securely along with digitised restaurant vouchers. Electronic document signatures will be implemented Europe-wide in 2020, and Covivio is in the process of examining solutions that will make it possible to fully digitise the new-employee pre-onboarding administrative process.

With regards to training, progress in digital transformation is reflected in the introduction of digital training tools. These include a digital library offering a wide range of on-line courses on office tools, tutorials on many computer applications and management resources for conducting meetings.

To guide the change towards increasingly digital working practices, and as part of Covivio's Move to Cloud initiative, targeted actions continued in 2019 to help each group of actors (networks of in-house representatives, managers, employees) master them.

"1001 IDEAS", EMPLOYEE INNOVATION PROGRAMME

At the end of 2018, the "1001 IDEAS" programme was launched on a pan-European basis. Geared to all employees, through the introduction of three digital platforms over two months, the objective was to gather ideas on four topics: "Europe: how do we work better together?"/"Better satisfy our customers"/"Quality of life at work in Covivio"/"What else?". This unprecedented approach to collective knowledge created innovative momentum, demonstrating that each person can have concrete ideas that can be implemented within the Group.

In this first edition of "1001 IDEAS", more than 450 different ideas were collected across Europe. In 2019, the best of these ideas were rolled out within Covivio, such as the Graduate programme and the implementation of formal dialogue between the business lines of the different countries.

This initiative earned Covivio two trophies at the end of 2019: the Silver Award for Intercultural Innovation from Innov'Acteurs and the Innovation Team Best Practices 2019 trophy from the Paris Club of Innovation Directors.

2.5.1.3. Talent retention

2.5.1.3.1. Measuring employee satisfaction and engagement

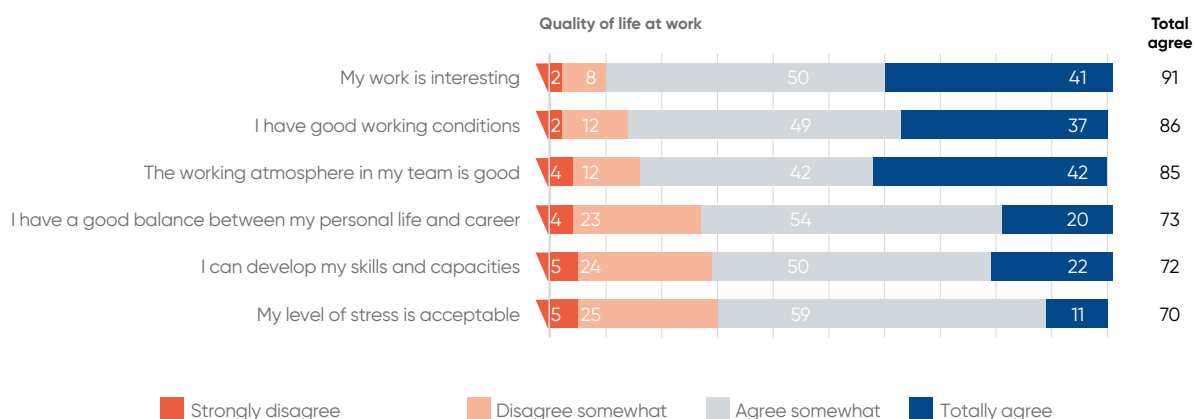
For the first time in 2019, the Engagement Survey, an anonymous survey of organisational climate sent every other year since 2015 to French employees, was conducted on a pan-European basis. This survey is administered by Kantar and enables a comparison with the national benchmarks of private companies. With a total response rate of 73%, this third survey brought to light excellent individual engagement: 83% of employees reported being satisfied with their job at Covivio (8 points above the benchmark), and 76% would recommend Covivio to people they know (7 points above the benchmark). Trust of management was also high (70% of participants responded positively, or 8 points above the benchmark), as was the sense of meaning of day-to-day work (91% of respondents stated that their work is engaging).

There were discrepancies among the European countries on some topics: the French and Italian scores were often higher than the German ones, particularly in terms of managerial culture and understanding of the strategy (on the HiPo composite index, the scores were 77 in France, or 12 points above the national benchmark, 70 in Italy and 62 in Germany). To address this, in September 2019, a participatory approach bringing together the social partners was introduced among German employees in order to identify areas for improvement. 120 employees (more than one-quarter of the permanent workforce) are taking part in five improvement projects relating to internal communication, leadership and managerial culture, and cross-functionality, as well as innovation and customer satisfaction, two topics also being addressed in France and Italy. Numerous actions, such as the implementation of regular performance and development interviews, a revamped onboarding process and more efficient internal and managerial communication tools, have been adopted and will be introduced in 2020.

The Engagement Survey will be conducted every other year, and the HiPo composite index, which includes the main questions that may be compared to an independent benchmark, has been incorporated into the assessment criteria for Covivio's management.

2.5.1.3.2. Commitment to the well-being of employees

The Engagement Survey scores for well-being at work were strong in all three countries, whether for material working conditions, work-life balance, stress or opportunities for everybody to develop their skills.



Covivio remains committed to Quality of Life at Work (QVT), particularly as part of the Quality of Life at Work agreement signed in 2014 and renewed in 2018, which allowed the introduction of many tools including:

- an *ad hoc* committee composed of elected CHCST (Health and Safety Committee) members, Trade union representatives and management representatives (which met twice in 2019)
- telephone counselling exclusively by qualified psychologists and available twenty-four hours/seven days a week via a free-phone number
- work load monitoring meetings each half-year.

In 2019, all new joiners were informed of these provisions and made aware of the prevention of psychosocial risks, in line with the actions carried out over the past two years for all employees.

In Germany, the Human Resources Department put in place a conflict management procedure, in collaboration with employee representatives. This strictly confidential procedure provides for mediation support for the person or people concerned, led by the Human Resources Director and supported by an employee representative. The existence of this procedure was widely communicated to employees and has been a tool for resolving several disputes.

In 2018, Covivio instituted teleworking through a collective agreement that allows all eligible French employees (those on open-ended and fixed-term contracts with six months' seniority) to telework five days per month from home or another location, either on a fixed basis (one set day during the week) or a flexible basis (at the employee's discretion with 24 hours' notice). At the end of 2019, 76% of the eligible population was working from home (up from 64% at the end of 2018) – the range for all private companies offering telework is between 30% and 60% – for an average of 3-4 days of teleworking per month. Through an assessment survey, 97% of employees reported that employee well-being has improved, and 81% reported an increase in their motivation. The employee survey conducted in 2019 highlighted the fact that 84% of French employees believed they had a good work-life balance.

In Italy, a study on introducing teleworking at the Rome and Milan sites is under way, with implementation scheduled for some time in 2020. The arrangement exists in Germany and helps facilitate better work-life balance; employees are eligible for teleworking on a case-by-case basis by mutual agreement with their manager.

WORKLOAD MONITORING MEETINGS

The mid-year interviews, introduced under the agreement of 25 November 2014 on the reorganisation and reduction of working time, are an effective way of raising the alarm in the event of work overload, in line with measures laid down for the prevention of stress and psychosocial risks. In 2019, 37% of meetings reported a work overload at one time or another during the year, and 12% on a regular basis, which was less than in 2018. 100% of these latter cases led to documented action plans. The Human Resources Department shares, with staff representatives on the QVT Commission, a summary of the alerts identified, their level of severity, and action plans put in place.

The interviews with the Human Resources Department or management also gave some employees an opportunity to bring up personal obligations that could impact their work lives, particularly issues related to taking care of ageing parents on a regular or ongoing basis. At Covivio, a "Helping leave" application was devised and adopted. Through a social security-healthcare costs platform, employees can access all the information and social institution contacts that are appropriate in this type of situation.

2.5.1.3.3. Performance-based pay

In France and Italy, the bonus pay policy is incorporated into the concept of individual performance, based on the extent to which job objectives determined during the annual interviews are achieved. The challenge is to make this measurement of an employee's contribution to the Group more objective and more transparent to employees. In France, 100% of employees on open-ended contracts are eligible for variable remuneration, and 67% of the bonus payments awarded in 2019 were different from those in 2018. In Italy, bonuses and salary adjustments were awarded to 80% of the workforce in 2019, up with respect to 2018.

In Germany, a new employee remuneration model was put in place in 2017. This includes the option of receiving bonus remuneration, and joining the policy for performance-based remuneration already existing in Covivio. This agreement was negotiated

and approved by staff representative bodies. Employees can choose to join this new model or remain covered by the previous collective bargaining agreement. As of 31 December 2019, 99% of the workforce was covered by one of these two collective agreements; only four executive managers are not covered due to their different contractual status.

Employee incentives, profit-sharing schemes and savings agreements have been rolled out within the France ESU as part of existing collective agreements. An average incentive of 9.78% of annual salary averages was paid to employees in 2019 based on their performance in 2018. 89% of the beneficiaries opted to invest all or part of their bonuses in the Group Savings Plan. 84% of the beneficiaries chose to invest in COVIVIO shares; such an investment leads to an additional contribution from the Group in order to encourage employee shareholding. This option is becoming more widespread: in 2018 78% of beneficiaries chose it. To take this even further, in 2019 the management and trade union organisations signed an agreement increasing the additional contribution if beneficiaries opt to invest the incentive bonus in Covivio shares.

In 2019, 86% of employees Europe-wide were also eligible to receive free company shares.

2.5.1.4. Promoting diversity and equality

As a signatory to the Diversity Charter in 2010 and the Global Compact in 2011, Covivio's HR policy is consistent with the objectives of these agreements, in particular by analysing wage gaps between people performing the same job, starting with any wage that is 5% below the median. Following this analysis in 2019, the salaries of four staff members were adjusted. Covivio received a score of 97 on the Gender Equality Index implemented in France in 2019. A similar procedure for reviewing potential inequalities was put in place in Italy in 2017: the only differences identified were a difference in average seniority of service between men and women, involving a wage gap as per the rules set out by the collective agreement.

In France, the gender breakdown in the workforce remained stable, with 58% women at 31 December 2019. Equality has been achieved for the managerial positions: at 31 December 2019, 50% of managers were women, and the proportion of women on Covivio's French Executive Committee was 44%. In Germany, the workforce was nearly equally split between men and women, representing 52% and 48% of employees respectively. The proportion of female managers rose (33% of managers are women), in line with the progress that started in 2016, rising 10 percentage points since then. In Italy, the workforce was 53% men, and women represent 42.9% of managers, up from 41.7% in 2018. Covivio's Executive Committee, a European management body, is composed 27% of women.

In terms of recruitment, the review of applications and invitations for job interviews are being reviewed to ensure diversity among the candidates' profiles considered for each job. In the Group as a whole, all recruitment processes must present at least one female candidate, and the recruitment guide for Human Resources and managers sets out the principles of non-discrimination in hiring as well as regulations in this area. In 2019, 100% of recruiters in the France HR Department received training on combating discrimination in hiring. In Germany, following a decision of the German Constitutional Court, Covivio added the term "Other" in its job advertisements "Job title (Man/Woman/Other)". Covivio thus affirms its goals in terms of combating discrimination, in particular against transgender people.

Every year, the Human Resources Department presents, to the elected members of the Works Council (WC) in France, a report on the number of applications broken down by gender, age and disability categories, at each stage of the recruitment process (CV short-listing, feedback following the job interview, final decision).

In the case of equally qualified candidates, Covivio promotes the recruitment of candidates with disabilities. At 31 December 2019, employees with disabilities made up 1.3% of Covivio's workforce in France and 5.3% in Germany. Covivio also promotes indirect employment of people with disabilities by calling on ESAT (establishments or services providing assistance through work) or companies that specialise in employing people with disabilities for events (group meals, waste audits, etc.).

No complaints related to discrimination issues were submitted to the Ethics Officer in 2019. The alert system, in place since 2019 (2.6.2.2), also covered questions of harassment and discrimination of all types, and protects whistle-blowers. In response to the 2017 French Labour Law, two sexual harassment officers were also appointed (one on the Works Council and the other in the Human Resources Department), increasing the number of available reporting and response channels.

In Germany, special attention is paid to family life. Irrespective of whether the employee is the mother or the father, parents can benefit from a working time arrangement during their parental leave and opt for part-time work. 100% of employees return to their positions at the end of their parental leave and can benefit, if they wish, from an adjustment to their work hours. Working from home can also be implemented on a case-by-case basis, depending on the employee's situation. Work schedules can also be made flexible for parents of children under 16 years of age.

In France and Italy, where the national environment is more favourable to collective childcare and where there is a greater offering, systems are put in place as needed to promote the balance of times of life, such as the Flexicrèche emergency service in the event of a child care problem, limited to 15 days per year. In France, parental leave allows parents of a child younger than three years old to work part-time until the child turns three, or to suspend their full-time employment contract for as long as they would like. Any parents who choose this second option return to their positions at Covivio at the end of their parental leave. When parents wish to continue to work part-time after their children turn three, they may apply to do so. At Covivio, all these applications have been granted. In Germany, a plan called BUK⁽¹⁾ reconciles family life with work life by helping employees find childcare solutions or support for ageing parents.

With regards to support provided to the senior workforce, Covivio introduced a systematic interview with the Human Resources Department in the year of each employee's 55th birthday. This interview, which can be held for employees each year at their request, examines issues relating to their job, any desired changes and measures to be taken in terms of ergonomics, for example. In 2019, 100% of seniors were invited to this interview and 42% responded favourably (senior employees in general hope to have this interview every two years rather than annually). In addition, Covivio allows employees over 55 to work part-time while maintaining their retirement contributions based on full-time employment. In 2019, four employees took advantage of this provision i.e. nearly 13% of eligible senior employees.

(1) BUK: <https://www.buk-familienservice.de/>

2.5.2. Other issues identified in the CSR risk mapping

Even if they are not considered as major risks in the risk mapping (2.5.1), the subjects considered in 2.5.2 are important issues for Covivio. In particular, they include the richness of social dialogue, the topic of health and safety at work, and issues about reducing the Group's environmental footprint.

2.5.2.1. Ensuring transparent social dialogue

Covivio and its subsidiaries cultivate a permanent, transparent and constructive dialogue with employee representative bodies.

In France, in 2019 the central employee representative body is the Works Council (WC), elected for four years by all employees of the Economic and Social Unit (ESU). It has monthly ordinary meetings and must be consulted or informed about all subjects affecting the proper functioning of the Company, whether organisational or operational. When necessary, extraordinary meetings are organised with approval of the Secretary. Working conditions, quality of life at work and health and safety matters were overseen by the Health and Safety Committee, which is made up of elected members of the Works Council and Covivio representatives. Collective agreements are negotiated by Trade Union Representatives, and three unions were represented within Covivio in 2019 (CFE CGC, CFDT and CFTC). The Employee Representatives are responsible for any individual questions and issues. All elected representatives are "protected" by labour law, including once their terms of office end, and are subject to disciplinary actions only with the approval of the French government, when authorised by DIRECCTE (the Regional business, competition, consumption, labour and employment directorate). They enjoy great freedom of speech and time devoted to their responsibility as elected officials.

During three Works Council meetings held in 2019, the social partners were informed and consulted about the Group's social policy, its economic and financial position, as well as its strategic priorities and their social impact (particularly with respect to changes in jobs and skills). In addition, six agreements were signed with the Trade Union Representatives, notably to set up the Social and Economic Committee provided for in the 2017 French Labour Law (see box). An addendum to the Equality Agreement institutes for Trade Union Representatives meetings at the beginning and end of their terms in order to explain their role and prevent any risks of discrimination when it comes to career advancement, training or remuneration.

ELECTION OF THE SOCIAL AND ECONOMIC COMMITTEE (SEC)

In September 2019, Covivio elected its employee representative bodies for a four-year term, with a 64.8% attendance rate for the Board of Managers and a 69.6% attendance rate for the Board of Employees and Supervisors. The new Social and Economic Committee is made up of 11 tenured members who will take up their positions on 1 January 2020. In addition to the duties of the former Works Council, the Social and Economic Committee takes over the remits of the "Employee Representatives" and the Health and Safety Committee, making it easier for employees to understand how they are represented with General Management. The Social and Economic Committee manages and independently decides how to allocate a budget equivalent to 2% of the total payroll to fund social and cultural activities for Covivio employees.

For the past several years, Covivio has reached salary agreement with Trade Union Representatives under the Mandatory Annual Negotiations (NAO). The negotiations must cover the fields defined by law: mainly the remuneration and the sharing of added value, but also working time, gender equality and quality of life at work. In 2019, several measures were decided on or renewed under this process, including the allocation of free shares. As part of measures promoting work-life balance, in 2019 it was decided that 24 December would not be a working day.

In Germany, the social dialogue is organised through different channels. As in France and Italy, the German Constitution (Article 9 of the *Grundgesetz*) guarantees companies and their employees the freedom to join or abstain from joining a professional association or union. Every month, a meeting is held to discuss different topics and is attended by management, the Human Resources Director and employee representative bodies. Department managers are responsible for relaying information about potential changes to working conditions. All information related to collective bargaining agreements, ethical principles, major divestments and acquisitions made by the Company and the Covivio Group's strategy and news updates are made available to employees via the intranet.

2.5.2.2. Health and safety at work

Each of the entities of the Covivio Group applies the eight conventions of the International Labour Organisation (ILO) concerning: freedom of association, effective recognition of the right to collective bargaining, elimination of all forms of forced or compulsory labour, effective abolition of child labour and elimination of discrimination in employment, remuneration and occupation.

Health and safety is very much part of Covivio's employee policy and numerous initiatives are carried out to support employee health, such as flu vaccinations (in France and Germany), skin cancer prevention measures, specific office layouts (variable height desks, adjustable stands for additional computer monitors) for employees who have musculoskeletal problems, and the holding of awareness meetings concerning screen work, etc. An ergonomics physician is regularly consulted at the French sites, and in 2019 seven workstations were adapted. In Berlin, the move by employees to a new site provided an opportunity to work on the ergonomics of the furnishings, including ergonomic chairs, adjustable desks and dual monitors. Yoga classes are also offered to the Berlin teams, and a partnership with a national gym chain allows employees to benefit from preferential rates. In France, the Works Council partly finances the sports activities of the employees who so wish.

In terms of work safety, Covivio is committed to meeting and exceeding French statutory requirements, with 6.6% of employees being certified workplace first-aiders. The prevention of electrical risks is also taken into account through the H0-B0(0)⁽¹⁾ accreditation of all employees exposed to this type of risk within the Real Estate Engineering and IT Departments. In Germany in 2019, all employees were taught about workplace safety at workshops lasting between 30 minutes and 2 hours.

More generally, the Health and Safety Committees (CHSCT) in France, and the equivalent national bodies in Germany and Italy, verify the compliance and comfort of the facilities provided to the employees, and are informed of all refurbishment projects and

(1) The H0-B0 electrical accreditation concerns all activities performed in electrical rooms and all electrical work carried out on a professional basis.

preliminary schedules for any work. In Italy, this committee meets at least once per quarter and an "Employee Safety Manager" is, in addition, responsible for making sure that the organisation complies with security and safety principles.

The rate of workplace accidents with lost time is very low, at 1% in France, 1.75% in Germany and 2% in Italy.

2.5.2.3. Advancing together

Covivio strives to be exemplary in its day-to-day operations, applying best practices to reduce the environmental footprint of its own offices. This stance is part of the Group's sustainable development policy and relies on the commitment of every employee.

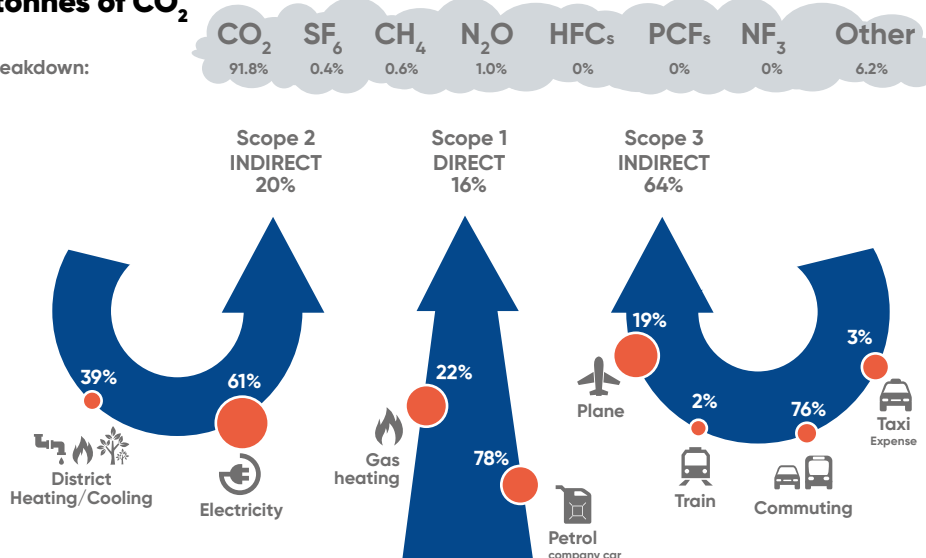
2.5.2.3.1. Annual assessment of greenhouse gas emissions

The greenhouse gas footprint is calculated based on the ADEME V7 carbon footprint table. The 2018 results⁽¹⁾ are presented below according to the three emission scopes defined by the GHG Protocol, a recognised international standard:

- scope 1 – direct emissions: this involves direct emissions related to the burning of fossil fuels in buildings or company vehicles. For Covivio, this corresponds to natural gas consumption (92 tCO₂eq/year) and fuel in service vehicles and company cars provided by the Company (332 tCO₂eq/year)
- scope 2 – indirect emissions from purchased electricity, heating, and cooling: for Covivio, this corresponds to the consumption of electricity (332 tCO₂eq/year) and the heating and cooling networks (208 tCO₂eq/year)
- scope 3 – other indirect emissions: all other indirect emissions, including passenger transport. For Covivio, other indirect emissions come primarily from transport inherent to the business (740 tCO₂eq/year), as well as commuting to work (1,284 tCO₂eq/year). Commuting emissions take account of the mode of transport of each employee, the type of energy of all motor vehicles used, as well as their precise mileage.

Total : 2,842 tonnes of CO₂

Covivio emissions breakdown:



The completion of the Europe-wide greenhouse gas assessment has helped determine, for the first time, the average carbon footprint per employee, which was 2.88 tCO₂eq in 2018 (compared to 3.48 tCO₂eq in 2017). To reduce its carbon footprint, Covivio has put in place several measures including the creation of mobility plans in France and Germany and making electric vehicles available in Germany and Italy.

In France, business travel requiring train journeys of less than three hours cannot be made by plane. For Paris and its region, 80% of the cost of public transportation is paid for by the Company. The reimbursement of mileage allowances for employees commuting

to the office by bicycle and the provision of secure storage in Paris and Metz also help to encourage employees towards more environmentally-friendly modes of commuting to work.

For their commuting and business travel, French employees have been educated about and encouraged to use public transport, with, for example, the Company covering 80% of the cost of the "Navigo transit pass" for employees in the Paris region. For travel by taxi, an agreement was signed with the company G7 to encourage the use of hybrid or electric vehicles; G7 has teamed up with non-profit organisation Reforest'Action and committed to planting one tree for every 10 journeys.

⁽¹⁾ A 2019 update will be published in the Annual Report on Sustainable Performance.

2.5.2.3.2. Exemplary premises

In its most recent establishments, in France and Germany, Covivio uses flexible arrangements emphasising well-being and user-friendliness, that foster collaborative and creative work.

In France, in 2017, an agricultural greenhouse was constructed in the centre of premises occupied by Covivio at 30, avenue Kléber, in Paris. The company Topager was put in charge of urban agriculture, both for the design and implementation of different crops planted and sown and for monitoring and maintenance. The area includes a user-friendly space for business meetings throughout the day, lunch at noon and a diverse range of other events such as thematic meetings, media conferences, Friday morning breakfast and farewell drinks. This greenhouse is, in addition, a great tool for raising awareness of the challenges facing nature in the city. Awareness meetings were held with Topager to present the planting and first harvests and explain the importance of urban biodiversity to employees. In addition, to help boost employee well-being, a concierge service manages the Paris and Metz sites. Fruit baskets are also made available to employees in France and Germany.

Employees increasingly demand tangible actions from the Company to support the environment and urban life. Covivio's commitment to sustainable development relies on the active involvement of all employees, both in their work and through civic-minded action which is gradually becoming automatic. Many initiatives taken in this area contribute to employees' pride in working for the Company:

- HQE certification of the Le Divo building, BREEAM In-Use certification of the buildings at 30 and 10 avenue Kléber in Paris's 16th arrondissement and BRaVe BB for Milan Cornaggia
- 100% green electricity contract for the Italian sites and photovoltaic panels on the headquarters in Oberhausen (Germany)
- renovation work to improve the buildings' energy efficiency: more efficient heating and cooling systems, LED lighting, motion detectors in common areas, etc.
- installation of devices to measure air quality at the Milan headquarters
- waste sorting and recycling of all paper and cardboard, collection and recycling of coffee capsules, collection of printer toner, batteries and plastic caps for recycling, phasing in of sorting of other waste (metal, plastic, etc.)
- food waste avoided by redistributing uneaten food to employees after meetings and events
- increased use of maintenance and cleaning products with an Ecolabel
- water savings through the use of dual flush toilets
- elimination of plastic water bottles and installation of water fountains at the Parisian sites, and distribution of recycled plastic bottles.

In line with its Paper Policy, launched in 2013, all paper used in Covivio printers is PEFC certified (paper from sustainably managed forests), and has the European Ecolabel label (taking

into account the product's entire life cycle, its quality and its use). This Paper Policy applies to all printouts and external publications related to administration and marketing.

A waste audit of the buildings at 10 and 30 avenue Kléber was done in December 2019 with the assistance of Cèdre, a disability-friendly company that employs 74 employees with disabilities, hence employing the equivalent of just over one worker with a disability during the audit period.

This analysis revealed the potential to recycle an additional 30% in volume and 10% in weight. Awareness-raising actions for employees on selective sorting and food waste will be held in 2020, supplementing actions on this topic that were conducted during European Sustainable Development Week 2019.

2.5.2.3.3. Informed employees

The process of change relies on a set of comprehensive actions. Examples of these are the awareness-raising articles regularly distributed on the Group's intranet, or the bi-monthly Covivio ("Green" or "Innovation") Meetings for raising awareness and providing information on various subjects related to Covivio's business lines. Experts (start-ups, engineering firms, attorneys, non-profit organisations, local authorities, etc.) on CSR (low-carbon construction, digital tools, new labels, biodiversity, resilience, etc.) and innovation topics (new uses, artificial intelligence, etc.) come to present innovative solutions, new concepts and results of studies commissioned by Covivio (energy flexibility, carbon trajectory, etc.). In this vein, several Green Meetings were held in 2019 on topics including the resilience of the Paris region, with Paris City Hall; labels on quality of life at work/health/well-being and carbon; the 2020 Environmental Regulations; sustainable finance, etc. These also entail visits to noteworthy buildings organised by employees on subjects such as innovation and sustainable development: Grand Hôtel Dieu in Lyon, Headquarters of Banque Populaire ALC in Metz, Enjoy in Paris and Jo&Joe in Gentilly (low carbon buildings, BBKA labelled), etc.

For Sustainable Development Week in June 2019, several events and educational actions on CSR were organised for employees: a talk by a philosopher on the responsible company, awareness-raising for the Paris employees on waste sorting and the helpful steps to take (presentation for employees by an expert consultant), a quiz on recycling with chances to win eco-friendly prizes made from recycled materials, completion of two "fresque du climat" climate workshops, a lecture on architectural biomimicry with the CEEBIOS association and a lecture on sustainable design. A lecture on the climate transition and its impacts on the real estate sector was held in Milan.

As a general rule, all new employees are educated about CSR during the integration day they attend in the months following their arrival.

During the end-of-year seminar organised by the France Operations Department, four workshops were offered to employees, including one on biomimicry (presentation of noteworthy buildings and facilities inspired by nature) and another on new materials in the building of the future.

One-off educational and engagement actions for employees are also held throughout the year, including:

- community collection of toys organised at the Paris sites with the Rejoué non-profit association, which employs workers on a social inclusion programme. This was the second consecutive year this initiative was held and 15 kg of toys were collected in time for Christmas 2019
- collection for Restos du Cœur
- collection of stuffed animals and of donations to Pièces Jaunes
- planting of 924 trees with Reforest'Action for Covivio's first anniversary in June 2019 (924 represents the number of Group employees at the time of this action, in mid-2019); according to Reforest'Action, this offsets 534,996 km driven
- actions in connection with national/European/international weeks: for example, during Waste Reduction Week, an event was held about composting in the greenhouse
- partnership with Bilium, an organisation that gives a second life to materials as part of the recycling of advertising banners from the Silex2 project. 140 pencil cases were made out of the recycled material
- minimisation of waste during the Maddyne event, which took place at a Wellio space. 53% of the waste was recycled
- events at the Wellio space in Marseille: including showcasing of local organisations or start-ups through afterworks, such as Plastic Odyssey and Lemon Tri, the collection of toys and a joint bookstore, etc.
- in Italy, site visits by the children of employees in Rome and Milan, with an educational event on sustainable development led by an NGO
- also in Italy, participation in September 2019 in an international campaign, Clean Up the World, and in cleaning around schools in districts where Covivio operates and around schools (two in Milan and two in Rome).

2.5.2.3.4. Exemplary IT solutions

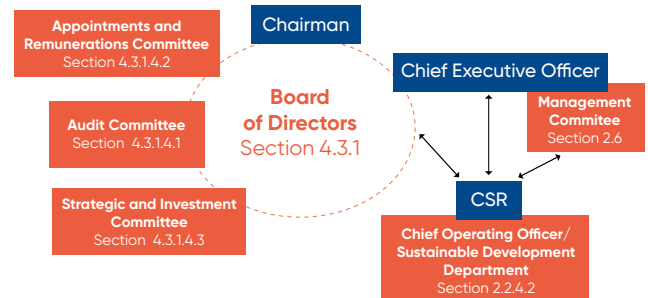
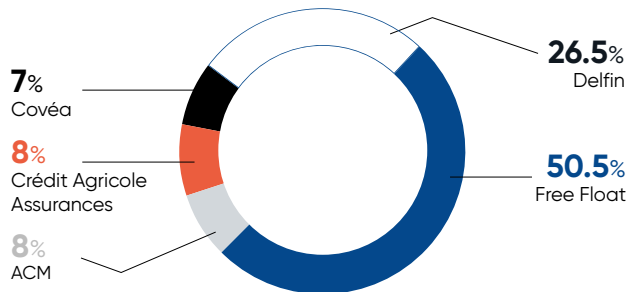
As part of its digital transformation, Covivio is adopting cutting-edge IT solutions to help smooth the flow and increase the reliability of information Europe-wide with the aim of bringing the three countries where it operates closer together. More user-friendly collaborative tools such as SharePoint, Teams and OneNote have been adopted by all the sites. The videoconferencing equipment has been updated, and this facilitates dialogue between the different departments and entities and helps encourage employees to cut back on travel. Likewise, by shifting to the cloud and pooling resources Europe-wide, the Group is helping to reduce its energy and carbon footprint.

In France, multifunction printers were replaced in 2018 by more modern and more environmentally-friendly equipment. Their total number was reduced and individual printers were eliminated. A number of processes have already been made paper-free. A report on printing initiated in 2012 tracked the impacts of initiatives carried out in this area and showed a 22% decrease in the number of pages printed in 6 years.

Data security is identified as a major risk in the 2018 risk mapping study (2.6.3). Finally, a business continuity plan has been put in place and is tested periodically (2.6.3.1).

2.6. GOVERNANCE BASED ON ETHICS AND PERFORMANCE

This section focuses on the challenges related to the governance of the Company, ethics and transparency. It describes the components of risk management as they relate to "Fraud/Ethics/Corruption" (2.6.2) and "Corporate data protection/Smart building" (2.6.3). The challenge of having "efficient governance tailored to the Company strategy" is a fundamental one for Covivio, and is described in this section (2.6.1), although it is of secondary importance in terms of CSR risk mapping. Other governance-related risks not falling within the scope of CSR are described in the Universal Reference Document (Section 1).



Over recent years, Covivio has moved up in scale to become one of the European leaders in its sector. Its governance has evolved in keeping with this change. Covivio's takeover of Italian subsidiary Beni Stabili on 31 December 2018 strengthened the Group's European positioning, creating an Italian arm and leading to the listing of its shares on the *Mercato Telematico Azionario* (MTA) market of the Milan stock exchange, in parallel to its listing in compartment A of Euronext Paris. The Board's strategic seminars, held since 2015 in Berlin, Milan and London, have enabled the Directors to get a better grasp of the local specificities of certain products and markets. The management bodies have also taken on a European dimension with an Executive Committee in charge of steering strategic European issues. This Committee met 20 times in 2019.

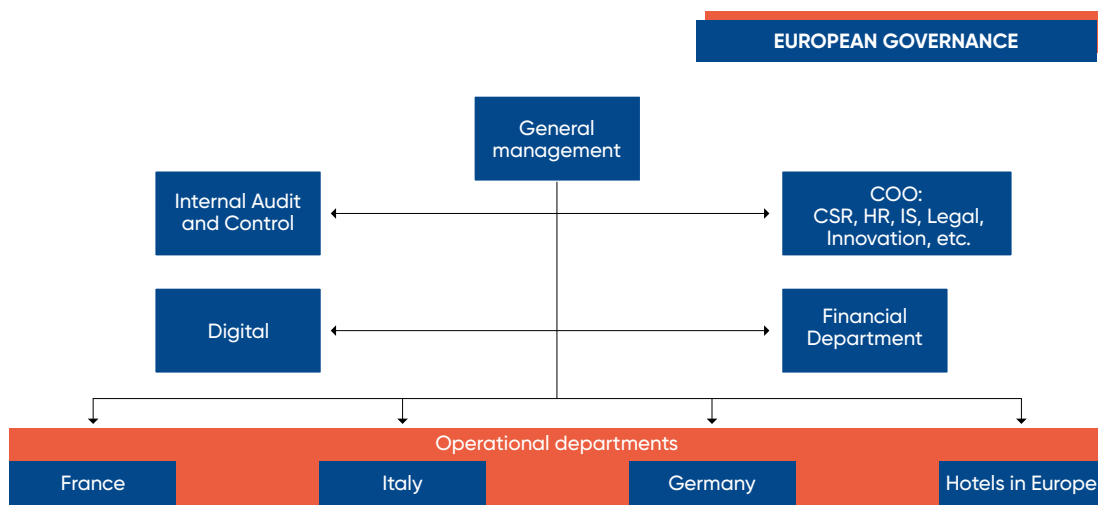
The governance structure, instituted on 31 January 2011, separates the roles of Chairman and Chief Executive Officer, thus guaranteeing a good balance of powers between, on the one hand, the Chairman who ensures the proper operation of the Board of Directors, and on the other hand, the Chief Executive Officer who is responsible for the executive management of the Company.

The Chairman of the Board of Directors, who is also an independent Director, ensures that the Governance bodies are transparent and effective. His ongoing discussions with the Chief Executive Officer, who is also a Director, help strengthen the functioning of the Board and the efficiency of its meetings.

The Board of Directors, which approves the Group's strategic policies and oversees their implementation, pays special attention to the monitoring of CSR performance. The Board's composition brings together individuals with complementary experiences and skills, with a preponderance of Independent Directors and broad international perspective.

Covivio's governance is constantly evolving and is tailored to the development of the Company and its subsidiaries, with a two-fold objective of performance and agility. It is summarised in the following diagram.

■ Simplified organisation chart of the European governance





■ Key performance indicators concerning governance (for the fiscal year ended 31/12/2019)⁽¹⁾

15

DIRECTORS

60%

INDEPENDENT
DIRECTORS

40%

WOMEN

"EFFECTIVE GOVERNANCE TAILORED TO THE CORPORATE STRATEGY"

0

POINT OF CONTENTION

2

EPRA AWARDS
GOLD IN 2019

0

SUPPORT TO
POLITICAL PARTIES

"FRAUD/ETHICS /CORRUPTION" RISK

1

EUROPEAN
CODE OF ETHICS

100%

EMPLOYEES TRAINED ON THE RISKS
OF FRAUD AND CORRUPTION

0

CONVICTION
FOR CORRUPTION

"PROTECTION OF CORPORATE DATA/SMART BUILDING"

1

CYBER INSURANCE POLICY
TAKEN OUT FOR THE GROUP

3

DATA PROTECTION
OFFICERS IN EUROPE

1

INTERNAL CODE
EUROPEAN GDPR

2.6.1. Effective governance tailored to the corporate strategy

By putting CSR at the heart of its business model and development, Covivio has continually adapted its governance bodies in order to incorporate the different social and environmental challenges facing its business. The CSR risk mapping has highlighted the importance for Covivio of efficient and stable governance.

2.6.1.1. An efficient governance structure meeting the recommendations of the AFEP-MEDEF Code

In November 2008, Covivio adopted the AFEP-MEDEF Code as a reference framework for its corporate governance. The Company continues to refer to this Code, in its updated version published on 30 January 2019, and draws on the work of the High Committee on Corporate Governance, as well as on the various recommendations of the *Autorité des Marchés Financiers* (French Financial Markets Authority), the EPRA and the Code of Ethics of the French Federation of Real Estate Companies (*Fédération des Sociétés Immobilières et Foncières* – FSIF).

Since 2013, Covivio has increased the percentage of Independent Directors and the number of female Board members, while strengthening the Board's competencies in legal, environmental and financial matters, international experience and experience in managing listed companies.

An overview of the skills and expertise of the Directors is provided in Chapter 4 of this Universal Reference Document.

These developments have enabled Covivio to embrace an open and transparent governance that is tailored to its share ownership structure and with the aim of serving the long-term interests of the Company, its shareholders, tenants, stakeholders and employees.

These efforts have been applauded by analysts and rating agencies and widely recognised, in particular through the award of AGEFI's "2018 Grand Prix for Corporate Governance".

The Board of Directors regularly adapts its Internal Regulations in accordance with the changes in governance introduced by the AFEP-MEDEF Code, whose provisions were updated in 2018, in particular with regard to the prevention of conflicts of interest, the general responsibilities of the Chairman and Board of Directors, the independence criteria for Directors, and the functions of the Audit Committee. This is done with a view to extending the procedures for preparing and processing financial and accounting information to include non-financial aspects.

⁽¹⁾ Delphine Benchetrit resigned as Director with effect from 31 December 2019, and that, at its meeting of 13 February 2020, the Board of Directors co-opted Alix d'Ocagne as Independent Director, subject to shareholder approval at the Combined General Meeting of 22 April 2020.

2.6.1.2. The Board of Directors at the centre of corporate governance

2.6.1.2.1. Composition and operation of the Board of Directors and its Committees

Covivio's governance is based on a Board of Directors structure, with separation of the functions of Chairman of the Board and Chief Executive Officer.

As at 31 December 2019, the Board of Directors was made up of 15 members:

Director	Role	Age	Nationality	Date of first appointment to the Board of Director	Expiry year of term of office	Member of Committee ⁽¹⁾	Independent Director	Gross amount of attendance fees
Jean Laurent	Chairman	75 years	French	31/01/2011	2022	C and Guest A – B	x	-
Leonardo Del Vecchio	Vice-Chairman	84 years	Italian	31/01/2011	2022	C		€34,000
ACM Vie represented by Catherine Allonas Barthe	Director	64 years	French	31/01/2011	2022	C		€37,000
Romolo Bardin	Director	41 years	Italian	17/04/2015	2022	A – C		€48,000
Delphine Benchetrit	Director	51 years	French	17/04/2015	2022		x	€22,000
Jean-Luc Biamonti	Director	66 years	Monegasque	31/01/2011	2021	A – B	x	€58,666
Sigrid Duhamel	Director	54 years	French and Danish	28/04/2014	2022	A	x	€34,000
Christian Delaire	Director	52 years	French	14/04/2019	2022	A	x	€28,000
Christophe Kullmann	Chief Executive Officer and Director	54 years	French	25/04/2012	2020			-
Covéa Coopérations, represented by Laurent Tollié	Director	56 years	French	17/02/2016	2022	C		€27,000
Sylvie Ouziel	Director	49 years	French	24/04/2013	2021	A	x	€35,000
Olivier Piani	Director	65 years	French	17/04/2019	2020	B	x	€24,000
Predica, represented by Jérôme Grivet	Director	57 years	French	31/01/2011	2021	B – C		-
Patricia Savin	Director	53 years	French	27/04/2016	2020	A	x	€38,000
Catherine Soubie	Director	54 years	French	27/04/2016	2020	B	x	€37,667
Sergio Erede	Non-voting member of the Board of Directors	78 years	Italian	17/04/2015	2019	Guest B – C		€42,000
Ariberto Fassati	Non-voting member of the Board of Directors	73 years	Italian	17/04/2019	2022	Guest C		€22,000

(1) A – Audit Committee/B – Appointments and Remunerations Committee/C – Strategic and Investment Committee.

The Social and Economic Committee, formed in 1 January 2020, appointed two of its members (versus three under the Works Council in place until 31 December 2019) as representatives at Board meetings. These members attend all of the Board's meetings in a consultative capacity and receive the same documents as those issued to Directors.

The list of mandates and roles exercised by each Director in office at 31 December 2019 is presented in Chapter 4.3. of this Universal Reference Document. The following table summarises some of the corporate governance best practices implemented in 2019 by Covivio in accordance with the recommendations of the AFEP-MEDEF Code:

	Board of Directors	Audit Committee	Appointments and Compensations Committee	Strategic and Investment Committee
Independent members/total	9/15 (60%)	5/6 (83%)	3/4 (75%)	1/6 (17%)
Chairman	Independent Director	Independent Director	Independent Director	Non-Independent Director
Term of office	4 years, staggered	Not applicable	Not applicable	Not applicable
Female composition	40%	50%	25%	17%
Average age of members	59 years	53 years	61 years	63 years
Percentage of international	27%	60%	25%	33%
Performance review	Annual	Annual	Annual	Annual
Number of meetings in 2019	5	3	2	5
Participation rate in 2019	92%	89%	88%	80%

Subject to approval of the proposed appointments by the General Meeting of 22 April 2020, the Covivio Board of Directors will change as follows in April 2020:

- renewal of the directorship of Christophe Kullmann, also Chief Executive Officer of Covivio
- renewal of the terms of office of Patricia Savin and Catherine Soubie as Independent Directors
- ratification of the co-opting of Alix d'Ocagne as Independent Director, to replace Delphine Benchetrit who resigned on 31 December 2019.

2.6.1.2.2. Greater gender balance

At the General Meeting of 27 April 2016, one year ahead of the legal deadline, the Board of Directors of Covivio already had a 40% female composition. Its gender balance has been maintained with the co-opting of Alix d'Ocagne.

2.6.1.2.3. A largely independent Board of Directors

Based on recommendations from the Appointments and Remunerations Committee, the Board of Directors analyses the independence of the serving Directors on an annual basis. On 13 February 2020, the Board of Directors conducted this annual review and decided on the proposal of the Appointments and Remunerations Committee to maintain in 2020 the status as independent directors of Jean-Luc Biamonti, Christian Delaire, Sigrid Duhamel, Jean Laurent, Sylvie Ouziel, Olivier Piani, Patricia Savin and Catherine Soubie, and considered that Alix d'Ocagne, whose co-opting will be submitted for approval at the Combined General Meeting of 22 April 2020, satisfied all of the independence criteria established by AFEP-MEDEF Code. As a result, at the end of the 2020 Annual General Meeting, the proportion of Independent Directors will still be 60%. To perform this analysis, the Board applied the criteria of the AFEP-MEDEF Code, as updated in January 2020, and assessed them on a case-by-case basis. It also sought to establish whether any Directors who may be considered independent under the AFEP-MEDEF Code would have any other types of relationships that may compromise their freedom of analysis and decision, or, if a Director who could be considered non-independent based on a criterion established by the Code, would nevertheless be free from any constraints, since the criterion in question does not lead to any loss of independence in relation to the Company's situation (Section 4.3.1.4.3).

2.6.1.2.4. An efficient Board of Directors

- Every year the Board of Directors discusses its operations and formally assesses, at least every three years, its ability, to meet the expectations of shareholders, periodically reviewing its composition, organisation and working methods. Following the two formal assessments carried out at the end of 2013 and 2016, the Chairman of the Board of Directors saw to the implementation of all of the recommendations made.

At the end of 2019, the Company carried out a new assessment through a comprehensive, anonymous questionnaire sent to the Directors and non-voting Board members. This confirmed that the Board of Directors is deemed well-balanced, efficient, with a positive dynamic, and with all the required tools to perform its duties. The details of this assessment can be found

in Chapter 4 of this Universal Reference Document. In 2020 and upcoming years, efforts will be made to maintain the current good dynamic and work on the suggested areas of improvement.

- Through the application of the Board's Internal Regulations, the Company strives to prevent the occurrence of conflicts of interest, in particular when presenting investment opportunities submitted to the Board and/or to the Strategic and Investment Committee. Under these regulations, all Directors are required to make every effort possible to determine in good faith whether or not a conflict of interest exists. They must report this to the Chairman as soon as they are aware of any situation that may constitute a conflict between the Company and themselves, the Company which they represent, or any company of which they are employees or corporate officers.
- This applies in particular when, for any transaction being considered or undertaken by the Company, a member of the Board or a company of which a Director is an employee or corporate officer might have competing interests or interests opposed to those of the Company or the companies within its Group. In such a case, the Board member in question must refrain from participating in the discussions and deliberations of the Board and/or Strategic and Investment Committee and, more generally, observe a strict duty of confidentiality.
- For their work with the Board, Directors and the non-voting members receive a remuneration, the amount of which is determined by the Board of Directors based on a maximum overall amount of €800,000 approved by shareholders at the Combined General Meeting of 19 April 2018. The remuneration includes a fixed component and a variable component linked to attendance at meetings and effective contribution to the work of the Board and its Committees.

2.6.1.2.5. A Board of Directors attentive to CSR issues

CSR matters are regularly referred to the Board in order to incorporate them in the Company's strategic guidelines. The actions undertaken by the Company in this area are presented annually to the Board of Directors. The latter examines the Company's performance in terms of environmental, social and corporate responsibility, monitors the progress made in relation to established objectives, approves major opportunities for improving CSR performance and compares the progress of the companies within the Group with that of peers in Europe.

The Board of Directors also examines non-financial information published by the Company, with a particular focus on social and environmental matters. It also analyses the ratings issued by non-financial rating agencies. Lastly, it ensures that the ethical rules set out by the Group are applied, evaluates sponsorship and philanthropic policies and compares them with the actions carried out.

In April 2019, a status update on each of the four components of Covivio's Sustainable Development Policy was presented to the Board of Directors.

In addition to the overall mapping of the risks and the special analyses conducted in 2018 on matters that may represent specific risks (such as Cyber risks, the risks of Fraud and Corruption and CSR risks), in 2019, Covivio carried out a review of the action plans put in place to address the main risks identified (2.2.4.2).

2.6.1.3. An Executive Committee attentive to CSR performance

Meeting several times a month in one of the cities where the Company operates, the Executive Committee is consulted on each major decision or transaction related to governance, monitoring subsidiaries/holdings and financial/asset turnover policies as well as tackling issues concerning organisation, CSR, resources, etc.

The Executive Committee has 11 members, including representatives from all of the Covivio's "country" and "product" activities:

- Christophe Kullmann – Chief Executive Officer
- Olivier Estève – Deputy General Manager
- Dominique Ozanne – Deputy General Manager
- Marjolaine Alquier – Director of Audit and Internal Control
- Marcus Bartenstein – Co-Head Germany, in charge of Development, Acquisitions, Disposals and Asset Management
- Alexei Dal Pastro – General Manager, Italy
- Daniel Frey – Co-Head Germany, in charge of Property Management, Corporate Functions, Finance and Governance
- Laurie Goudallier – Chief Digital Officer
- Yves Marque – Chief Operating Officer
- Tugdual Millet – Chief Financial Officer
- Marielle Seegmuller – Director of Operations France.

The diversity of this Committee, in terms of gender, age, experience and skills, equips it to support the Group's strategic challenges. The Covivio Executive Committee is responsible for approving all investments and disposals whose value exceeds €5 million. Its members are in charge of implementing the CSR objectives of the Group within their area of responsibility and in coordination with the Sustainable Development Department. The results achieved in this domain are now systematically incorporated into the criteria for determining the variable portion of the remuneration of Committee members. The following qualitative objectives are consequently taken into account in the calculation of the variable remuneration of the Chief Executive Officer: improving the portfolio's environmental performance; increasing the number of women in teams; attracting and retaining talented people. These objectives are then rolled out operationally to each employee, according to their operational responsibilities and are, in particular, communicated during the individual interview process.

2.6.1.4. General Meetings

Since 2013, Covivio has provided its shareholders with an online resource enabling them to receive their meeting invitation and obtain details and input voting instructions prior to the General Meeting.

At the close of its General Meeting of 17 April 2015, Covivio maintained the principle of "one share = one vote". This was approved by the shareholders, thereby waiving the automatic assignment of double voting rights provided by the Florange Law of 29 March 2014.

The results of the votes at General Meetings are published on the Company's website within two business days of the meeting.

One or more shareholders satisfying the conditions specified in Article R. 225-71 of the French Commercial Code or the associations of shareholders fulfilling the conditions set out in Article L. 225-120 of the French Commercial Code are entitled to request the inclusion of items and/or draft resolutions on the agenda of the General Meeting.

Requests for the inclusion of items or draft resolutions on the agenda must be received by the Company by means of a registered letter with acknowledgement of receipt, along with a certificate attesting that they are a registered shareholder, no later than the twenty-fifth day preceding the date of the General Meeting, and which may not be sent more than twenty days after the date of publication of the notice in the *Bulletin des annonces légales obligatoires* (BALO) (the French Legal Gazette).

2.6.1.4.1. Minutes of the General Meeting of 17 April 2019

This General Meeting provided the opportunity to present the CSR policy developed by Covivio to the shareholders in addition to the ratings of non-financial rating agencies.

It also provided the opportunity to answer shareholders' questions, in particular concerning the payment of the dividend in shares, the breakdown of classes of assets developed by the Company, the possible set-up of a Stakeholders Committee, possible partnerships with energy suppliers, the ongoing development of the Company's business abroad, as well as the Company's position on the movement initiated by certain tenants associations with regard to the rise in residential rents in Berlin.

■ General meeting statistics

	Combined Annual General Meeting of 17 April 2019		2018/2019 change (Combined Annual General Meeting)	
	Ordinary resolutions	Extraordinary resolutions	Ordinary resolutions	Extraordinary resolutions
Number of shareholders present, represented or having a postal vote	1,460	1,429	+5.80%	+5.77%
Number of shares expressing a vote	66,103,766	66,053,435	+13.19%	+13.17%
Attendance rate	79.60%	79.54%	+1.52 point	+1.51 point
Resolution approval rate	95.17%	97.85%	-1.5 point	-1.12 point

2.6.1.4.2. Shareholder consultation on “say on pay”

At the General Meeting of 17 April 2019, the shareholders decided on the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional components of the total remuneration and benefits in kind awarded to the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy General Managers under the 8th, 9th and 10th resolutions

(the *ex ante* say on pay), as well as the components of the individual remuneration paid or awarded in respect of financial year 2018 under the 11th, 12th, 13th and 14th resolutions (the *ex post* say on pay). The average approval rates for the resolutions relating to the *ex ante* and *ex post* say on pay are respectively 97.34% and 96.66%, thus confirming the good balance and effectiveness of the remuneration policy.

■ Details of the percentages of votes in favour of the resolutions relating to the say on pay

Surname	Functions	<i>Ex ante</i> say on pay	<i>Ex post</i> say on pay
Jean Laurent	Chairman of the Board of Directors	99.84%	99.75%
Christophe Kullmann	Chief Executive Officer	96.12%	95.64%
Olivier Estève	Deputy General Manager	96.06%	95.63%
Dominique Ozanne	Deputy General Manager	N/A	95.62%

The amounts resulting from the implementation of these remuneration policies and paid or allocated for the fiscal year ended 31 December 2019 will be submitted to the approval of the Shareholders at the General Meeting to be held on 22 April 2020 as part of the approval of the 11th to 14th resolutions (*ex post* say on pay).

2.6.1.5. Addressing shareholder concerns and ensuring the transparency of financial information

Covivio does its utmost to provide institutional investors and individual shareholders with quality information regarding its business and strategy. It is conducting substantive work to consolidate its long-term relationship of trust with the financial community and to develop its market transparency.

The Company is also helping to raise the level of professionalism within the industry and to issue high-quality information by means of its active involvement with the IEIF (Real Estate Savings Institution), the FSIF (*Fédération des Sociétés Immobilières et Foncières*), and EPRA (European Public Real Estate Association). Every year, Covivio participates in around ten conferences aimed at international investors, organised by renowned brokerage firms (including J.P. Morgan and Merrill Lynch).

Covivio also takes a proactive attitude in dealings with institutional investors. As such, management holds some 400 meetings every year with their main representatives, particularly when the annual and semi-annual results are released in the major European and US markets, and sets up around fifteen site visits of representative assets in its portfolio for these groups.

2.6.1.5.1. Covivio listening to individual shareholders

Covivio publishes an annual newsletter for its 10,000 individual shareholders, sent by post. Covivio provides them with a dedicated section on its website (the letter will be available in French, English and Italian), and a documentation service as well as a shareholders' freephone number (0 805 400 865).

2.6.1.5.2. A policy recognised by the 2019 EPRA Awards

The quality and transparency of Covivio's financial and non-financial reporting were recognised at the 2019 EPRA Annual Conference with two awards. Covivio received two EPRA Gold Awards: one for the financial part of its 2018 Reference Document, and the other for the quality of its non-financial report included in that document and its compliance with EPRA's Best Practices Recommendations.

These awards highlight the relevance of Covivio's integrated model, which is rolling out best practices across Europe.

2.6.1.5.3. Combating tax evasion

Tax fraud is defined as an illegal attempt to avoid the payment of all or part of the taxable amount owed by a taxpayer. Tax evasion consists of arranging for the assets or the benefits of the taxpayer to be subject to taxation in a country other than the one in which tax should be paid in order to avoid paying tax or reducing the amount of tax paid by taking advantage, in particular, of more beneficial tax regulations or their gaps.

As a Group with a European dimension, Covivio considers compliance with local taxation regulations to be one of its priorities. Consequently, in France, Italy and Germany, Covivio has integrated Tax Departments, working together closely, in particular within the framework of complex “multi-country and multi-product” operations. Furthermore, Covivio is advised by leading European tax consultants in order to ensure its operations comply with regulations.

In 2019, Covivio had no direct economic or financial interests in the countries included in the European Union “tax haven” blacklist.

Within the framework of its fight against money laundering – including tax fraud – Covivio has put in place strict procedures designed to reinforce the “Know Your Customer” process. Analysing information gathered from this process may, in the event of suspicion, give rise to a Declaration to TRACFIN, the French Ministry of Finance's anti-money laundering agency.

2.6.2. Fraud/Corruption/Ethics

Promoting fair and ethical practices with all of the Group's stakeholders is a major challenge for Covivio and represents a response to the "fraud/corruption/ethics" risk identified in the CSR risk mapping. Failure to comply with professional ethical rules of compliance and the Group's internal procedures, or improper management of commercial processes (negotiations, entering into contracts and invoicing for example) and financial processes could result in significant risks: a negative impact on the Group's reputation, a loss of confidence on the part of stakeholders, financial losses, or the impeding of business development. With a view to remedying this, Covivio has put in place a wide range of risk management measures that comply with the regulations of the different countries in which it operates and with the industry's most widely-recognised international standards. Its Ethics Charter, updated in 2018, is now binding on its employees and covers all of the ethical issues that Covivio may be faced with.

Covivio signed the Diversity Charter in 2010 and has been a member of the UN Global Compact since 2011. It incorporates the 10 principles of the Global Compact into its strategy and practice and promotes them to its stakeholders, in particular its suppliers, through its Responsible Procurement Charter and yearly publication of a Communication on Progress (COP), made at the behest of the UN. Covivio's 2018 COP reached the highest standard, GC Advanced, which demonstrates the fact that the Group is embracing the SDGs (Sustainable Development Goals) to a greater extent and highlights the connections between them and Covivio's CSR strategy.

Covivio's COPs are published on its website:

- <https://www.covivio.eu/app/uploads/2018/11/2018-Pacte-Mondial-des-Nations-Unies-Communication-sur-le-progr%C3%A8s.pdf>
- and on the Global Compact website: <https://www.unglobalcompact.org/participation/report/cop/create-and-submit/advanced/422170>

2.6.2.1. An Ethics Charter for greater responsibility

The cornerstone of Covivio's ethics and compliance strategy, the Ethics Charter, which has a common framework adapted to the specific legal and regulatory requirements of each country, covers all of the Group's French, German and Italian employees. It is available on the Covivio website and intranet (<http://www.covivio.eu>). The Code of Ethics defines the ethical principles that all employees must follow as part of their professional practices and in their behaviour with external contacts. The core principles set out in this Charter are as follows: respecting laws and regulations (prevention of insider trading, combating money-laundering, bribery and similar crimes); respect for the environment and individuals (health and safety in the workplace, prevention of discrimination, respecting third parties); protecting the Company's assets (reputation, property, resources) and transparency of information provided; protection of personal data. The Charter has been revised twice: the first time in 2015 with the implementation of a whistle-blowing system, and then again in 2018, as part of the roll-out of the anti-bribery system stemming from the Sapin II Law of 9 December 2016.

Since it is legally enforceable against Group employees, the Ethical Charter is henceforth interpreted as a Code of Conduct within the meaning of the Sapin 2 Law. As such, any breach of the rules laid down therein, and notably any proven incident of corruption, could, in addition to legal sanctions, be subject to heavy penalties leading to the possible termination of the employment contract or mandate of the person responsible.

The Charter also restates Covivio's "zero tolerance" approach regarding corruption and influence peddling, as well as the possibility for all stakeholders (internal and external) to signal any conduct that contravenes the principles of this Charter, via an alert system (alerte@covivio.fr). In 2019, no employee was subject to disciplinary measures related to non-compliance with the Ethical Charter. Moreover, there were no complaints or convictions against Covivio on these grounds.

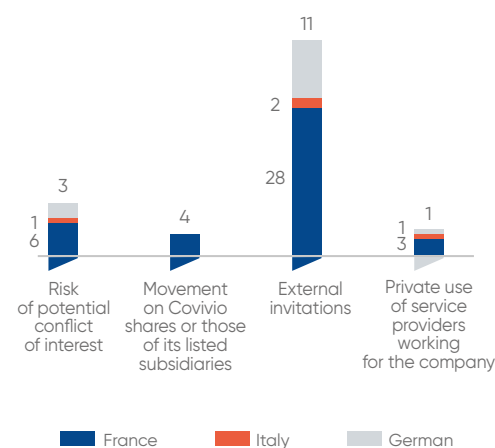
2.6.2.1.1. Employees aware and trained

The Internal Audit and Control Department has put in place regular and compulsory training courses for all of its employees. These training sessions called "Process Mornings" focus on ethics, compliance and internal control. Initially launched in France, this practice has been generalised to involve all of the Group's employees in Germany and Italy. Each new employee is given a copy of the Charter upon being hired by the Group.

2.6.2.1.2. The Ethics Officer

The Ethics Officer – the Chief Operating Officer in France, the Co-Head Germany, and the Internal Audit Manager in Italy – are independent and only report to the General Management. They have a duty of confidentiality with regard to information forwarded to them. Their mission has several components: advising employees concerning conflicts of interest, compliance with stock market regulations, gifts and other benefits received or given; ensuring application of the rules of ethics; and regulatory oversight of the ethical approach. In 2019, 59 notifications were received and processed by the Group's Ethics Officers. Moreover, in compliance with the Group's policy concerning gifts, the three Ethics Officers reported that they had received a total of 283 gifts (62 in France, 80 in Italy and 141 in Germany).

■ Number of requests from compliance officers in 2019



2.6.2.1.3. The Group Compliance Officer

The position of Compliance Officer was created in 2018. The Group Compliance Officer coordinates the compliance activity at the European level with the support of local officers: the Compliance Officer Germany and the Compliance Officer Italy. As part of their duties of ensuring Group compliance with the rules and ethical principles applicable to it, the Group Compliance Officer:

- contributes to the drawing up of the Code of Ethics and its updating
- ensures its dissemination to all employees whenever it is updated and forwards it to all new employees when they take up their positions
- is in charge of its implementation: in this respect, they ensure that each department puts in place the necessary means to satisfy the provisions that apply to it, and draws on the support of the Audit and Internal Control Department to conduct the checks deemed necessary
- conducts due diligence with regard to third parties
- in the event of failure to comply with these rules, ensures implementation of appropriate measures.

2.6.2.2. Preventing the risk of fraud and corruption

In compliance with the tenth principle of the UN Global Compact, Covivio has strengthened its risk prevention system in the areas of corruption, infringements and similar activities, such as influence peddling.

2.6.2.2.1. Corruption risk mapping

Covivio has consequently enhanced its risk management approach by mapping the specific risks of corruption and fraud at a European level, guided by a specialist advisor, in order to ensure the greatest possible transparency and awareness of the best industry practices. The mapping process has given rise to recommendations implemented at a European scale by the Group Compliance Officer and monitored on a regular basis by the Audit Committee as well as the Management Committee of each country. With regard to the major risks identified by this mapping, Covivio pays very careful attention to the integrity of its customers and suppliers by conducting integrity inquiries and putting in place special accounting reporting designed to detect the main identified risks of fraud and corruption. Transactions that are deemed sensitive – such as acquisitions, sales of assets or companies, construction and renovation work – are guided by appropriate procedures, especially regarding links with intermediaries.

2.6.2.2.2. Management of fraud risks

Separation between orders and payments reduces the risk of fraud. During the "Process Morning" sessions, the Company makes employees who handle transactions aware of the risks of fraud and corruption and reminds them of the Group's zero tolerance approach. "Anti-fraud" audits are carried out regularly within the Group and have revealed no significant dysfunction. These measures are the subject of internal control and assessment procedures under the audit plans validated by the Audit Committee.

2.6.2.2.3. Whistleblowing system

Covivio introduced a whistleblowing system in 2015. Its operation has been amended in order to take into account the provisions of the Sapin II Law. The alert system can deal with several types of incident: crime or offence, serious and manifest violation of a national or international regulation, serious threat or prejudicing the general interest, etc. It also enables all employees to notify failure to comply with the principles defined in the Code of Ethics and, more generally, in the following areas: accounting, banking, finance, fighting corruption, unfair competition, tackling discrimination and harassment in the workplace.

The whistleblowing system is made available to Group employees and all stakeholders. It is the subject of an internal procedure disseminated and explained at European level. Partners and suppliers are made aware of its existence through its publication on the website while it is also mentioned in the Responsible Procurement Charter (2.4.2.1) rolled out in France. A specific email address has been created in each country (in France: alerte@covivio.fr).

Covivio undertakes to protect the whistle-blower:

- by maintaining confidentiality about their identity (and the identity of the person who is the subject of the report) and the acts reported during the notification investigation phase
- against possible victimisation, disciplinary action or legal proceedings, provided that the system is not used in an abusive manner and that it is employed in good faith.

The changes made to the whistleblowing system in 2018 also provided the opportunity to open the system to anonymous reports. These are now processed where the severity of the facts is established and the factual evidence is sufficiently detailed.

After completing an internal inquiry into a notification that does not lead to any legal and/or disciplinary proceedings, Covivio anonymises all the data gathered after a period of two months.

No notifications were made in 2019.

2.6.2.3. Guaranteeing fair competition

Covivio, in its business activities and more specifically in its sales, acquisition and construction work, complies with competition provisions and regulations in force in each country. The Company has therefore implemented specific procedures: a competitive bidding process is mandatory above a certain threshold and the bidding framework includes procedures that have been put in place and validated by General Management.

Depending on the amounts and type of transaction, bids from one, two or three companies must be reviewed prior to awarding a job to the best one. In the same manner, the Company uses a procedure for opening bids involving a minimum of two employees and the drafting of the opening of bids minutes for some tender processes in order to ensure the widest degree of transparency and fairest competition possible. Audits are performed each year on certain development transactions in order to ensure proper compliance with the call for tender procedure. These audits revealed no significant issues.

The risk of anti-trust behaviour is limited within the framework of Group activities as there are many owners of small real estate assets.

2.6.2.4. Combating money laundering

Covivio, as a real estate operator, is bound by regulations on: combating money-laundering in its real estate leasing activity; registered office service; purchase and sale of buildings; transactions regarding business assets; and shares or holdings in real estate companies which might conceal one or more money-laundering activities subject to criminal sanctions. Undertaking capital transactions, it is also obliged to notify the French Public Prosecutor of any suspicious transactions of which it is aware.

Covivio and its subsidiaries have introduced a system for combating money laundering and the financing of terrorism (LAB/LFT) – in keeping with each country's legal and regulatory requirement – in the form of a procedure that lists and describes actions to be taken by the employees concerned. The Group Compliance Officer and the Audit and Internal Control Officer are LAB/LFT Managers as well as TRACFIN (French Ministry of Finance's anti- money laundering agency) Contacts and Registrants.

This system is based on vigilance when initiating business relationships and the third parties involved. The implementation of the LAB system has been supported by regular training courses (in 2010, 2012, 2014 and 2015). In 2018–2019, the prevention of the money-laundering risks and a reminder of the Know Your Customer procedure were developed during the "Process Mornings".

2.6.2.5. Association with, or membership of, domestic or international organisations

Covivio does not represent any interests, within the meaning of Sapin II as amended by Law no. 2018-727 of 10 August 2018 for the State working for a trusting society (ESSOC Law).

However, Covivio contributes to the French government's building policy through its strong commitment within working groups and professional associations. Covivio is a member of the sustainable development commissions of EPRA and of the *Fédération des Sociétés Immobilières et Foncières* (FSIF), whose CSR commission is chaired by Covivio Sustainable Development Director Jean-Éric Fournier. He is also Vice-Chairman of the French HQE-GBC Alliance, a member of the Sustainable Building Plan Office and Coordinator of the RICS France Professional Sustainability Group. Covivio's contribution to the promotion of sustainable real estate is evidenced by its involvement in various working groups alongside associations (including Orée and SBA-Smart Building Alliance), in the Immowell Lab start-up incubator, with scientific bodies (*Politecnico di Milano*), as well as its participation in studies at a national level (Palladio and IFPEB, etc.) and Europe-wide level (EPRA, RICS, etc.), and its commitment to initiatives such as the Global Compact and the Paris Climate Action Charter.

Covivio provides direct support – financial and/or in terms of equipment – to non-profit associations in the fields of culture, social issues, solidarity, sport, etc. On publication of its *Raison d'Être* manifesto, Covivio announced the creation of a Foundation in 2020, to provide new impetus and a dedicated framework for these initiatives. While respecting the commitment of its employees who, in their private capacity as citizens, participate or who wish to participate in public life, Covivio does not fund any public official, political party, holder of or candidate for a public office, nor any religious or trade union organisations. The Compliance Officer is informed beforehand of any planned patronage, sponsorship or charitable contribution and ensures that the necessary due diligence is conducted to ensure that the body being funded is not linked to any such organisations.

2.6.3. Protection of corporate/smart building data

When conducting its business Covivio creates and generates a large amount of data and is thus subject to the General Data Protection Regulation (GDPR). Furthermore, its properties use an ever increasing number of computerised facilities and services that are involved in the digital revolution. By becoming a "smart building", with ever closer links to the "smart city" via a two-way data exchange, the building, in a similar manner to Covivio's activities, is exposed to the risk of cyber attacks, data losses, degradation and theft, etc. Aware of these risks, Covivio has started a number of initiatives intended to protect its activity and that of its stakeholders. Some of them are described below and presented in greater depth in Chapter 1 of this document.

2.6.3.1. Covivio steps up its digital transformation

As a European real estate player, Covivio has undertaken a digital transformation, based on a collective reflection process. This transformation is led by the Chief Digital Officer, in collaboration with the members of the Transformation Committee that they coordinate, representing the Company's different branches. This digital transformation is set to take place over a 3-year period and is geared towards customer satisfaction, the performance of the portfolio and the pooling of internal European expertise. By adopting a digital road map, the Group aims to carry out a sustainable, well-thought-out transformation, in order to boost the performance of the European business model through close cooperation of all stakeholders at a European level.

2.6.3.1.1. Improving customer satisfaction by offering an innovative user experience

Among its digital transformation levers, Covivio places special emphasis on the services offered in its buildings. Covivio thus entered into a partnership with the start-up MonBuilding in order to design a solution to centralise – via a mobile application accessible to all occupants – all the services offered in the office buildings (such as booking of facilities, concierge service, marketplace, management of printouts, flagging and follow-up of incidents, etc.) in order to digitise the customer experience and create a community for tenants.

The core buildings and all Wellio co-working spaces will be equipped with this application in 2022. In 2020, the application will be rolled out to six Wellio spaces (three in Paris, one in Marseille, one in Bordeaux, and the future Wellio space due to open in Milan in the first half-year).

As part of its digitisation of the customer experience, Covivio designed, in partnership with the start-up Facilioo, a mobile application for its residential activity in Germany. This contact platform covers all issues related to communications, maintenance, and management operations for the 42,000 housing units held by the Group. This application also allows the real-time traceability of exchanges, enabling Covivio to implement precise action plans suited to customer needs.

2.6.3.1.2. Adapting buildings to new technological developments

By 2022, Covivio will deploy an IT architecture model that will centralise all of the data collected through new means (applications, software, sensors (IoT), customer surveys, etc.). In line with this objective, Covivio has already started to install sensors in some twenty buildings for more accurate measurement of their energy consumption, through the creation of a data portal. By collecting this data, Covivio aims to: firstly, optimise the buildings' energy consumption and thus their performance, and secondly, to provide new sources of precise data that will be used to gain a better understanding of the customers' actual needs.

2.6.3.1.3. Reinforcing European synergies

As a European real estate player, Covivio intends to pool its IT tools in order to build an integrated solution, thus reinforcing operational synergies among its European teams.

In this regard, Covivio is deploying an ambitious strategy to adopt industry best practice, particularly in terms of tools. These tools will be used for the digitisation of the customer relationship and the development of Wellio in Europe, in particular via the Salesforce solution for Covivio's Customer Relationship Management.

2.6.3.2. Data protection: a key corporate issue

2.6.3.2.1. Personal data protection

Within the framework of the European Regulations concerning "the protection of natural persons with regard to the processing of personal data and on the free movement of such data" known as the General Data Protection Regulation (GDPR), intended to reinforce existing national regulations, Covivio has rolled out a pan-European compliance system for Group companies.

This system involves in particular:

- the appointment of a Data Protection Officer (DPO) in France, Italy and Germany. The DPO France (who can be contacted by email: dpo@covivio.fr) is also responsible for European coordination
- a network of "GDPR Correspondents": these operational points of contact for the DPOs are tasked with ensuring that processing carried out by their department is compliant and instilling a culture of personal data protection in the entity for which they are responsible
- putting in place a European GDPR Code describing the Group's personal data protection policy and the technical and organisational measures deployed for this purpose
- drawing up internal procedures aimed at ensuring compliance with the system
- delivering training on best personal data protection practice covering all of the Group's employees
- creating a personal data processing register that is at the disposal of the Supervisory Authorities
- general work on data security (personal or not), via the appointment of an external Information Systems Security Officer, in charge of detecting any security breaches and implementing *ad hoc* remedial measures.

2.6.3.2.2. Ensuring the security of all data processed by the Group

Beyond the protection of personal data, the whole issue of cyber security is becoming a major operational issue. The number of cyber attacks is increasing, with a raised risk of financial losses

as a consequence. In 2018-2019, Covivio raised the awareness of its employees with regard to fraud and cyber risks during its "Process Mornings" sessions and through emails sent to all Group employees.

In addition to creating the position of Information Systems Security Manager (ISSM) which is outsourced to a recognised firm, and an ISSP (Information Systems Security Policy), Covivio has developed a Business Recovery Plan (BRP) and regularly conducts intrusion tests on its Information System. This type of test aims to simulate hacking attempts in a realistic manner in order to verify, in practical terms, the Information System's level of resistance to these attacks, with a view to putting in place new and better adapted means to overcome this problem.

In this manner, Covivio is continuously improving the offensive security, defensive security and compliance features of its Information System. Furthermore, Covivio has also taken out specific fraud and cyber risk insurance policies.

The Group's employees are the subject of data access authorisations that are strictly framed and delimited according to their duties and are bound by confidentiality clauses, as are external service providers.

2.6.3.2.3. Harmonising practices within the Group

As part of the Group's transformation, Covivio is working on harmonising its three entities' IT systems. By pooling resources and aligning applicable processes, the Group's IT Departments in France, Germany and Italy are being transformed into the Covivio ISD (Information Systems Department). A Move to Cloud project is under way at the European level. By the end of 2020, the three countries' on-premise datacentres will be moved to a single Azure environment, under Microsoft's public cloud services. Covivio is seizing this unique opportunity to adopt the best cyber risk detection and protection tools.

2.6.3.3. Data protection: a real estate issue

A growing number of cyber-attacks throughout the world target properties and their facilities (including BMS, cameras, access control and lighting).

As part of the development of the Smart Building for a Smart City concept, Covivio commissioned Arp-Astrance in 2016/2017 to conduct a study on the risk of cyber-attacks on its building portfolios. This enabled the Company to characterise the solutions required in order to reduce the risk for building management networks and equipment. Their implementation is part of the process of testing the R2S (Ready to Service) labelling for certain projects.

Covivio signed the "Connected, solidarity-based and human-centric buildings" charter (2.6.3.2), promoted by the French government in collaboration with the Smart Building Alliance (SBA) and the HQE-GBC Alliance. The work undertaken with these associations, of which the Company is a member, has led to guidelines being defined for obtaining the R2S label. The first building awarded the R2S label is one of Covivio's properties in Toulouse. This label enables a building's performance to be measured in terms of connectivity and information security for the user. Several Covivio programmes will benefit from the R2S label or its American equivalent WiredScore, mainly based on connectivity criteria. For example, each of the spaces operated in France by Wellio bears one of these two labels. In the buildings which it leases out, Covivio strives to provide good conditions for accessing communication networks, but does not handle the cabling in tenant areas. Tenants are responsible for having this cabling undertaken based on their requirements.

2.7. CSR PERFORMANCE

2.7.1. Environmental indicators

The scope of non-financial reporting is based on the scope of Covivio's consolidated financial reporting. The information provided below relates to the following strategic activities: France Offices, Italy Offices, Germany Residential, and Hotels Sector Europe. In order to maintain consistency with Covivio's financial approach, assets under construction or renovation are excluded from the reporting scope, as are assets acquired or sold during the year. This exclusion also applies to the corporate scope, *i.e.* the main office buildings housing Covivio's employees.

Processing and analysis of consumption data by the CSTB

The consumption data is collected by the Covivio Group's Sustainable Development Department from the Property Management services and operators (invoices for common areas), as well as tenants and energy/water producers and distributors. Once consolidated, this data is processed by the *Centre Scientifique et Technique du Bâtiment* (CSTB), which makes two types of adjustment:

- winter and summer weather variation adjustment calculations are applied to energy consumption data. This method adjusts the consumption levels of a given year under baseline weather conditions. These included, for example, statistics for each of the three major weather zones in mainland France over a thirty-year period. This adjustment is made for consumption related to both heating and cooling. It is not applied to other consumption (such as lighting) and permits meaningful comparison of results from year to year
- extrapolating a number of data to the complete portfolio, using intensity ratios per m² based on actual consumption. These extrapolations are calculated alongside EPRA recommendations, on an indicative basis, and are colour coded in the tables below, to make things clearer for the reader.

The data is then verified by an independent third party (2.8.1).

Reporting tables and compliance with EPRA recommendations

As a member of the EPRA Sustainable Development Commission, Covivio helps promote good practices in environmental reporting in the European real estate sector. Covivio has incorporated EPRA recommendations in its internal and external reporting.

In order to simplify the reading of Covivio's environmental performance, the indicators were grouped using the following colour coding:

- **blue background:** this is the scope covered by EPRA recommendations. It corresponds to the multi-let buildings over which Covivio or its subsidiaries have "**operational control**" and therefore manage directly. Environmental information relating to common areas and equipment is collected internally by the property management services on behalf of the owner
- **white background:** this involves buildings or parts of buildings over which Covivio or its subsidiaries do not have "operational control", as they are managed directly by tenants. Information on water and energy consumption, and on waste volumes (if available), is collected from the tenants. This refers to either:
 - multi-let buildings: parts of buildings and private equipment
 - single-let buildings: most of the office assets held in France and all Hotels and Service Sector assets fall into this category.

For the calculation of ratios, the surface areas consist of the following: m²GIA in France – m²GLA in Italy – m²Nütz in Germany.

In order to ensure maximum accuracy and transparency, wherever consumption data is unavailable for a utility, it is not estimated and this affects the portfolio coverage rate. However, in the rare cases where an estimate or extrapolation is calculated, it is explained in the comments accompanying the reporting table concerned.

The table below presents an overview of the methodology and reporting process implemented by Covivio, in line with the EPRA's Best Practice Recommendations (BPR) and its general principles, in order to achieve the highest level of compliance.

Compliance with EPRA recommendations (2017 EPRA sBPRs)

● Compliance ● Partial compliance ● Non compliance

EPRA Performance Indicators	Self-assessment of compliance	Covivio's approach
ENVIRONMENTAL INDICATORS (2.7.1.1 to 2.7.1.6 for the different portfolios)		
Total electricity consumption (annual kWh)	●	Elec-Abs – Covivio reports its electricity consumption, taking into account renewable energy production. The annual total energy consumption data is gathered based on invoices (meter readings) using the process described above. The consumption is presented in terms of final energy. The total is expressed as final energy as well as primary energy.
Total district heating & cooling consumption (annual kWh)	●	DH&C-Abs – Covivio reports its energy consumption from district heating and cooling, collected based on invoices (meter readings) using the process described above. The consumption is presented in terms of final energy. The total is expressed as final energy as well as primary energy.
Total fuel consumption (annual kWh)	●	Fuel-Abs – Covivio reports its total energy consumption from fuels (natural gas, fuel oil and wood), collected based on invoices (meter readings) using the process described above. The consumption information and totals are expressed in terms of both final and primary energy.
Energy intensity of buildings (kWh/m ² /year)	●	Energy-Int – Covivio reports its energy intensity ratios calculated per m² on the basis of the invoiced amounts (meter readings): energy (kWh), divided by the corresponding occupied surface area (in m²). The consumption ratios are presented in terms of final energy and primary energy.
Total direct GHG emissions (annual tCO ₂ e)	●	GHG-Dir-Abs – Covivio reports on all of its carbon emissions in tonnes of CO₂ equivalent per year (tCO₂e/year) based on fuel energy bills (natural gas, fuel oil and wood). These are Scope 1 emissions as described in the GHG Protocol.
Total indirect GHG emissions (annual tCO ₂ e)	●	GHG-Indir-Abs – This data is reported in tonnes of CO₂ equivalent per year (tCO₂e/year) based on the energy invoices for electricity and district heating and cooling. These are Scope 2 emissions as described in the GHG Protocol.
Carbon intensity of buildings (kgCO ₂ e/m ² /year)	●	GHG-Int – Covivio reports its carbon intensity ratios per m², as calculated directly from the invoice (meter readings) divided by the corresponding occupied surface area (in m²).
Total water consumption by source (m ³ /year)	●	Water-Abs – Covivio reports its total annual water consumption in m³ for all of its portfolios in operation and the headquarters buildings occupied by its own employees. The total annual water consumption data is gathered on the basis of the invoiced amounts (meter readings) using the process described above.
Water intensity of buildings (litres/person/year or m ³ /m ² /year)	●	Water-Int – Data is reported in m³/m²GIA/year. The intensity ratios per m² are calculated by comparing the volumes collected to the corresponding occupied surface area (in m²).
Total weight of waste by disposal route (annual tonnes)	●	Waste-Abs – Waste is collected by public organisations directly linked to the municipalities. Covivio pays for this service through local taxes. It is not possible to monitor the total waste mass, except for assets with private waste contractors (as specified in the comments accompanying the waste reporting tables). The proportion of waste by disposal method (% of total waste) is indicated when it can be monitored by the service providers.
Year-on-year like-for-like comparison	●	Elec-LfL, DH&C-LfL, Fuels-LfL, GHG-Dir-LfL, GHG-Indir-LfL, Water-LfL, Waste-LfL – The data is calculated on a like-for-like basis for energy, carbon, water and waste and is used to assess changes from one year to the next for assets owned over the last 24 months whose consumption is known for that period. Example: • in year N-1, consumption data was collected on 70 assets, with a possible reporting scope of 90 assets • in year N, consumption data was collected on 95 assets, with a possible reporting scope of 100 assets • of these, data was collected on 65 assets present in both N-1 and N, while there were 93 assets held in both N-1 and N. → The like-for-like basis therefore relates to 65 of 93 assets.
Type and number of sustainably certified assets	●	Cert-Tot – This indicator is expressed by dividing the value of the assets with certification at 31 December N by the value of the total portfolio held by a business on the same date.

EPRA Performance Indicators	Self-assessment of compliance	Covivio's approach
SOCIAL INDICATORS (2.7.2.1 to 2.7.2.3 for the three entities)		
Employee gender diversity	●	Diversity-Emp – The breakdown of workforce by gender is reported each year in the corporate reporting section of this document where Covivio provides data on each country, contract type and level of responsibility at 31/12/N.
Gender pay ratio	●	Diversity-Pay – In 2018, the three social reporting entities (ESU France, Italy and Germany) published a wage gap ratio (average annual gross salaries), broken down by level of responsibility (manager/non-manager). Wage gaps are examined and various measures have been put in place to ensure gender equality within the Group, in particular within the framework of the <i>ex-aequo programme</i> .
Employee skills training and development	●	Emp-Training – This indicator is expressed in number of hours of training per employee trained during the year. In addition, the three social reporting entities (France, Italy and Germany) also published the workforce training rate (number of employees trained in relation to the total workforce at 31/12/N). The training indicators take into account all professional training carried out internally and externally.
Employee performance appraisals	●	Emp-Dev – The individual assessment and skills development interview is a core element of the Group's Human Resources policy. It is the subject of a monitoring indicator (annual number of performance interviews/workforce) in all Group entities.
New hires and turnover	●	Emp-Turnover – Covivio publishes the total number of departures and recruitments that took place during the year. Each entity's Human Resources Department also publishes a departure turnover rate (for permanent employees) and a recruitment rate (for permanent employees).
Employee health and safety	●	H&S-Emp – On workplace accidents, the following indicators are published: accident rate, severity rate and frequency rate; absenteeism; number of deaths and occupational diseases.
Asset health and safety assessments	●	H&S-Asset – Each building managed by Covivio and its subsidiaries is monitored for environmental risks, taking into account local regulations. The monitoring and analysis are explained by business activity in this document. The risks for which the occupant is responsible are excluded from the scope of this indicator. (2.3.3)
Asset health and safety compliance	●	H&S-Comp – Covivio publishes the number of convictions related to non-compliance with environmental or health regulations. The HR section of this document also includes any incidents related to these aspects occurring within the boundaries of its own premises. (2.3.3)
Community engagement, impact assessment and development programmes	●	Comty-Eng – Covivio has been conducting a socio-economic impact study of its office activities for several years in France and for two years in Italy. A summary of this study is presented. In addition, many initiatives are implemented in the various regions where the Company operates. These are discussed in Section 2.4.
COMPANY INDICATORS		
Composition of the highest governance body	●	Gov-Board – Covivio publishes all information related to governance. Information on the Board of Directors and its Committees are: • summarised in Section 2.6 of this document and • discussed in more detail in Chapter 5 of Covivio's Universal Registration Document (URD): number of executive members; number of independent Directors; attendance rate for each Director and for each Committee; list of Directors' mandates; number of members with expertise in environmental and social issues.
Process for nominating and selecting the highest governance body	●	Gov-Select – The process of selecting and appointing Directors is explained, both for the Board of Directors and its Committees, in the Governance section of this document. (Chapter 5 URD)
Process for managing conflicts of interest	●	Gov-Col – the various initiatives in place to prevent the risk of conflicts of interest for corporate officers (publication of the list of mandates and functions exercised, family ties, etc.) are described in Chapter 5 of Covivio's URD.

Recommendations and general principles issued by EPRA	Self-assessment of compliance	EPRA sBPR guidelines and methodology
Organisational boundaries	●	As in previous years, reporting is based on what is known as "Operational Control", which corresponds to the scope within which Covivio, its subsidiaries and investments directly manage energy, water and waste. The results for this scope are printed on a green background in the tables in Section 2.7.1. This environmental reporting is based on the consolidated financial reporting scope to ensure consistency with the other chapters of the management report and in line with the provisions of the Decree of 24 April 2012. The scope thus includes the different strategic activities: France Offices, Italy Offices, German Residential (Covivio Immobilien) as well as Hotels and Service Sector Europe (Covivio Hotels). The reporting scope for year N includes all assets owned at 31/12/N. Assets under construction, in redevelopment, vacant, or acquired or sold during the year are not included. If an asset is sold during the year, the tenant will not necessarily provide consumption data if there no longer exists any legal connection with the former owner of the asset. The environmental reporting period runs from ¹ January to 31 December.
Breakdown of consumption between owner and tenant	●	Covivio's reporting is separated into three levels of data collection and analysis: • "Corporate" scope: this includes headquarters buildings • "Operational control" scope: this includes buildings under full management, for which Covivio controls the management of shared equipment (i.e. equipment located in common areas) and the consumption of water and energy (e.g. lighting, collective heating, etc.). These are Scope 1 and 2 emissions as described in the GHG Protocol. The reporting is based on invoices, with no estimates or resorting to submeters • "Tenant area" scope: this relates to the tenant areas of multi-let buildings (where Covivio has "operational control" over the building's common areas, while tenants are responsible for individual energy consumption and water use) and of single-let buildings, where users are wholly responsible for managing building facilities as well as the building's energy and water consumption. Covivio does not rebill its tenants for energy, with the exception of energy used in the common areas of multi-let buildings, which is rebilled under operating expenses. Estimates are not made. However, data may be extrapolated based on the intensity ratios, thus permitting the assessment of the environmental footprint for the portfolio as a whole. Performance measurements involving extrapolated data are clearly indicated in the tables (white background, outside EPRA scope).
Consumption reporting – headquarters buildings	●	Covivio reports the consumption for buildings occupied by its own employees. The results are presented in Section 2.7.1.6 under the Headquarters heading.
Intensity normalisation	●	The Intensity ratios by m² are calculated by comparing the environmental data for a year N concerning energy, water and carbon with the corresponding occupied area, expressed in terms of m². These calculations are used to measure efficiency for each indicator. In France, a distinction is drawn between final energy (<i>fe</i>), which is consumed and invoiced, and primary energy (<i>pe</i>), which is required to produce final energy.
Segmental analysis	●	Covivio has structured its analysis by segment and business line: France Offices, Italy Offices, Germany Residential (Covivio Immobilien), and the Hotels & Service Sector Europe (Covivio Hotels).
Coverage ratio of data collection	●	The coverage ratio is indicated by segment and business line in each reporting table (energy, carbon, water and waste). For each indicator, this coverage ratio is calculated by surface area (% of m²) and by number of assets.
Narrative on performance	●	Covivio provides comments and explanations on environmental performance trends and data: • in Section 2.3 • in the section containing performance data for each business (see Section 2.7.1).

Recommendations and general principles issued by EPRA	Self-assessment of compliance	EPRA sBPR guidelines and methodology
Assurance – external verification by an independent third party	●	Since the 2011 report, corporate, societal and environmental information have been verified by an independent third party. The EPRA indicators and compliance with its methodology are verified as part of the process, as is compliance with <i>GRI Standards</i> (2017 version), CRESO and the GHG emissions report. The independent third party's assurance statement is included in Covivio's annual URD and its Sustainable Development Report. These documents are available in both English and French on the Covivio website.
Location of EPRA Sustainability Performance Measurements	●	The performance measurements and corresponding EPRA overarching recommendations are disclosed and reported annually in Covivio's URD and Sustainable Development Report. These documents are available in both English and French on the Covivio website.
Materiality	●	A materiality study was conducted at the Group level. It is published annually in Covivio's URD and Sustainable Development Report. The most material issues are given special attention and closely monitored, in line with the CSR risk mapping conducted by the Group in 2018.

2.7.1.1. France Offices

At 31 December 2019, the France Offices reporting scope pertained to 108 sites out of the 201 comprising the financial scope (*i.e.* 622,109 m²). Assets under construction or under renovation, acquired or sold during the year, as well as the buildings located in jointly-owned properties or ASLs (Associations Syndicales Libres), are excluded from the reporting scope. A portfolio of 44 "non-core" assets held for sale and representing 0.8% of the value of the total portfolio was excluded from the scope, since energy and environmental mapping had not yet been performed on these assets.

All consumption data is taken from meter readings, with no estimates used. Some of the data is obtained directly *via* the energy suppliers' digital platforms. In 2019, an energy consumption monitoring system was rolled out in 20 multi-let buildings in France, including 15 in the reporting perimeter *i.e.* 100% of the "operational control" scope. The occupancy rate has an impact on the asset's overall consumption as well as on the ratios

calculated. As an exception to the "process included" principle of energy consumption, the energy consumed by telephone equipment in the buildings rented to Orange is not included in the calculations, based on an assessment performed by CSTB.

The results are presented below, with weather-related adjustments (summer and winter) calculated by CSTB to make performance more comparable from year to year. Energy and carbon results are presented in the charts in Section 2.3.2.

■ Certifications – (Cert-Tot) (see Section 2.3.1.4)

As of 31 December 2019, 90.4% (in value, Group share) of the "core" Office assets, *i.e.* long-term assets set to remain in the portfolio, had HQE and/or BREEAM certifications (construction and/or operation) and/or were ISO 50001 certified. This percentage is expressed relative to all the assets held on this date, including both assets under construction and in operation.

Energy – Direct and indirect energy consumption by primary energy source and energy intensity ratio for buildings in use

The results presented below have been adjusted for weather variations.

The consumption values reported below are based on data collected according to two scopes, as set out above: "operational control" refers to the common areas of multi-let buildings; "outside operational control" refers to the tenant areas of multi-let buildings, and single-let buildings that have private submeters for the entire floor area (SASB IF-RE-410a.2).

Total energy consumption (Abs)		Multi-let buildings									
		Scope "operational control"				Scope "tenant areas"		Single-let buildings		Total portfolio	
		GRI Standards	EPRA BPRs	2018	2019	2018	2019	2018	2019	2018	2019
Reporting scope coverage by surface area (m²GIA)				239,002	219,867	205,579	206,004	390,703	402,242	629,704	622,109
Reporting scope coverage by surface area (%)				100%	100%	95%	100%	50%	54%	62%	64%
Number of applicable properties				17/17	15/15	15/17	15/15	45/92	47/93	62/109	62/108
Proportion of estimated data				0%	0%	0%	0%	0%	0%	0%	0%
Intensity (kWhfe/m²GIA/year)		CRE1	Energy-Int	144	142	66	66	154	141	173	163
Intensity (kWhpe/m²GIA/year)				222	197	170	169	305	274	332	303
Total direct energy (kWhfe)		302-1	Fuel-Abs	9,027,511	6,812,507	0	0	13,168,442	13,702,816	22,195,952	20,515,324
Natural gas (direct energy) – non-renewable source		302-1	Fuel-Abs	9,027,511	6,812,507	0	0	12,931,791	13,107,161	21,959,301	19,919,668
Natural gas (direct energy) – renewable source				0	0	0	0	0	0	0	0
Fuel oil (direct energy)		302-1	Fuel-Abs	0	0	0	0	60,348	162,595	60,348	162,595
Wood (direct energy)		302-1	Fuel-Abs	0	0	0	0	176,303	433,061	176,303	433,061
Total indirect energy (kWhfe)		302-1	Elec-Abs	25,481,360	24,328,900	13,536,204	13,525,799	46,988,265	42,878,160	86,706,939	80,732,859
Electricity (indirect energy) – non-renewable source		302-1	Elec-Abs	7,105,940	7,654,678	13,536,204	13,525,799	37,322,172	34,009,510	58,665,426	55,189,987
Electricity (indirect energy) – renewable source				4,667,209	5,427,314	0	0	4,832,135	4,476,646	9,499,344	9,903,960
Renewable energy production		302-1	Elec-Abs	0	0	0	0	148,294	153,139	148,294	153,139
of which solar				0	0	0	0	148,294	153,139	148,294	153,139
District heating and cooling (indirect energy)		302-1	DH&C-Abs	13,708,210	11,246,908	0	0	4,982,252	4,545,143	18,690,463	15,792,051
Total energy consumption (kWhfe)				34,508,870	31,141,407	13,536,204	13,525,799	60,156,707	56,580,977	108,902,891	101,248,183
Total energy (GJ)				124,232	112,109	48,730	48,693	216,564	203,692	392,050	364,493
Total energy consumption (kWhpe)				53,110,446	43,235,799	34,923,406	34,896,561	119,203,511	110,295,917	209,046,227	188,428,276
Estimated consumption for vacant space (kWhpe)				0	0	0	0	0	0	0	0
Estimated consumption in occupied areas for which data is not available (kWhpe)				0	0	1,808,864	0	119,259,387	94,883,040	129,764,395	104,808,461
Total measured + extrapolated energy consumption (kWhpe)				53,110,446	43,235,799	36,732,270	34,896,561	238,462,897	205,178,956	338,426,251	293,236,737

The table below presents the energy consumption paid for by the owner and re invoiced for the buildings' shared equipment (lighting, lifts, district heating and air conditioning, etc.) and common areas. The landlord does not invoice tenants for private energy consumption.

		Total consumption (Abs) Scope "operational control"			Like-for-Like (Lfl) Scope "operational control"			Like-for-Like (Lfl) Total portfolio			
		2018	2019		2018	2019		2018	2019		
Reporting scope coverage by surface area (m²GIA)	EPRA BPRS	239,002	219,867		195,079			542,189			
Reporting scope coverage by surface area (%)		100%	100%		100%			59%			
Number of applicable properties		17/17	15/15		13/13			50/101			
Proportion of estimated data		0%	0%		0%			0%			
PAID BY THE OWNER		Variation			Variation			Variation			
Total Electricity (kWh)	Elec-Abs	11,773,149	13,081,992	11.1%	Elec-Lfl	9,281,186	10,497,474	13.1%	59,776,114	59,546,597	-0.4%
of which on a tenant submeter		0	0			0	0		0	0	
of which shared services		11,773,149	13,081,992	11.1%		9,281,186	10,497,474	13.1%	59,776,114	59,546,597	-0.4%
Total district heating and cooling (kWh)	DH&C-Abs	13,708,210	11,246,908	-18.0%	DH&C-Lfl	14,442,620	11,729,783	-18.8%	18,576,412	15,384,609	-17.2%
of which on a tenant submeter		0	0			0	0		0	0	
of which shared services		13,708,210	11,246,908	-18.0%		14,442,620	11,729,783	-18.8%	18,576,412	15,384,609	-17.2%
Total Gas-fuel oil-wood (kWh)	Fuel-Abs	9,027,511	6,812,507	-24.5%	Fuel-Lfl	9,069,852	6,822,791	-24.8%	20,988,254	19,230,990	-8.4%
of which on a tenant submeter		0	0			0	0		0	0	
of which shared services		9,027,511	6,812,507	-24.5%		9,069,852	6,822,791	-24.8%	20,988,254	19,230,990	-8.4%
INTENSITY (kWhfe/m²GIA/year)		168.1			148.9			-11.4%			
INTENSITY (kWhpe/m²GIA/year)		327.0			317.2			-3.0%			

Carbon – Total direct or indirect GHG emissions and greenhouse gas emissions from buildings

The data is calculated by the Building Scientific and Technical Centre (CSTB) based on the invoice data which is collected as explained above. The scopes covered are thus identical.

In compliance with the GHG Protocol, scopes 1 and 2 correspond to the "operational control" scope, while emissions linked to consumption from tenant areas and single-let buildings come under scope 3.

	Multi-let buildings									
			Scope "operational control"		Scope "tenant areas"		Single-let buildings		Total portfolio	
	GHG Protocol:		Scopes 1 & 2		Scope 3 (excluding upstream)		Scope 3 (excluding upstream)		Scopes 1, 2 and 3 (excluding upstream)	
	GRI Standards	EPRA BPRs	2018	2019	2018	2019	2018	2019	2018	2019
Total GHG emissions (Abs)										
Reporting scope coverage by surface area (m ² GIA)			239,002	219,867	205,579	206,004	390,703	402,242	629,704	622,109
Reporting scope coverage by surface area (%)			100%	100%	95%	100%	50%	54%	62%	64%
Number of applicable properties			17/17	15/15	15/17	15/15	45/92	47/93	62/109	62/108
Proportion of estimated data			0%	0%	0%	0%	0%	0%	0%	0%
Carbon intensity (kgCO ₂ e/m ² GIA/year)	305-4	GHG-Int	18.5	16.3	2.6	2.6	11.8	11.1	15.2	13.8
Total Emissions (tCO₂e)			4,411	3,591	535	534	4,625	4472	9,571	8,597*
of which direct emissions (tCO ₂ e)	305-1	GHG-Dir-Abs	1,526	1,151	0	0	2,204	2265	3,730	3,416
of which indirect emissions (tCO ₂ e)	305-2	GHG-Indir-Abs	2,885	2,439	535	534	2,421	2,207	5,841	5,180
Estimated emissions for vacant space (tCO ₂ e)			0	0	0	0	0	0	0	0
Estimated emissions for occupied areas where no data is available (tCO ₂ e)			0	0	28	0	4,627	3,847	5,941	4,782
Total extrapolated carbon emissions (tCO ₂ e)			4,411	3,591	562	534	9,252	8,319	15,512	13,379

* This data takes into account the low level of emissions associated with green electricity contracts. With coefficients that do not take this into account, the total emissions of the assets would amount to 8,988 tCO₂e, with a carbon intensity of 14.4 kgCO₂e/m²/year.

On a like-for-like basis, the carbon intensity ratio has decreased sharply this year (19.3%) to reach a level of 18.3 kgCO₂/m². This is mainly due to energy performance contracts on major assets such as the CB21 Tower (2.3.2.3) and an increasing use of renewable energies (10% of consumption in 2019).

		Total Emissions (Abs) – “Operational control” scope				Emissions on a like-for-like basis (LfL) – “Operational control” scope			Like-for-Like (LfL) – Total portfolio			
GRI Standards	EPRA BPRs	2018	2019			2018	2019		2018	2019		
Reporting scope coverage by surface area (<i>m²GIA</i>)		239,002	219,867			195,079			542,189			
Reporting scope coverage by surface area (%)		100%	100%			100%			59%			
Number of applicable properties		17/17	15/15			13/13			50/101			
Proportion of estimated data		0%	0% Variation			0% Variation			0% Variation			
CARBON INTENSITY <i>(kgCO₂e/m²GIA/year)</i>	305-4	GHG-Int	18.5	16.3	-11.7%		22.7	18.3	-19.3%	16.6	14.9	-10.2%
GHG						EPRA BPRs						
Scope 1 – Total direct emissions (<i>tCO₂e</i>)	305-1	GHG-Dir-Abs	1,526	1,151	-24.6%	GHG-Dir-LfL	1,533	1,153	-24.8%	3,541	3,225	-8.9%
Scope 2 – Total indirect emissions (<i>tCO₂e</i>)	305-2	GHG-Indir-Abs	2,885	2,439	-15.4%	GHG-Indir-LfL	2,901	2,424	-16.4%	5,478	4,870	-11.1%
Scope 3 – Other emissions (<i>tCO₂e</i>)		GHG-Indir-Abs	0	0		GHG-Indir-LfL	0	0		0	0	
Total emissions (<i>tCO₂e/year</i>)			4,411	3,591			4,434	3,577		9,019	8,095	
CHANGE IN CARBON EMISSIONS 2019/2018			-18.6%				-19.3%			-10.2%		

Water – Total water consumption and water intensity ratio for buildings in use

In each of the buildings included in the reporting scope, the water used comes from a single source: municipal water supplies. Covivio does not take samples directly from groundwater. According to the WRI Aqueduct map⁽¹⁾, 0% of the portfolio (in surface area) is located in a region with a high risk of baseline water stress (SASB IF-RE-140a). 94.2% of multi-let assets (in surface area) are equipped with water submeters (SASB IF-RE 410a.2).

Multi-let buildings: the landlord receives the invoices; tenants do not have individual contracts.

Single-let buildings: the tenant has an individual contract with the water supply company. All the elements reported below are taken from invoices.

	GRI Standards	EPRA BPRs	Multi-let buildings				Single-let buildings		Total portfolio	
			Scope "operational control"	Scope "tenant areas"	2018	2019	2018	2019	2018	2019
Total water consumption (Abs)			2018	2019			2018	2019	2018	2019
Reporting scope coverage by surface area (m ² GIA)			209,981	210,108	N/A		437,526	420,787	647,506	630,894
Reporting scope coverage by surface area (%)			88%	96%			56%	56%	63%	65%
Number of applicable properties			14/17	14/15			26/92	25/93	40/109	39/108
Water intensity (m ³ /m ² GIA/year)	CRE2	Water-Int	0.45	0.46			0.34	0.37	0.37	0.40
Total water consumption (m ³)	303-1	Water-Abs	94,293	97,262			148,183	153,654	242,476	250,916
Estimated water consumption in vacant space (m ³)			0	0			0	0	0	0
Estimated consumption in occupied areas for which data is not available (m ³)			13,032	4,518			116,529	119,585	139,711	134,128
Total extrapolated water consumption (m ³)			107,324	101,780			264,712	273,239	382,187	385,044
Water consumption – Like-for-like (LfL)					N/A					
Reporting scope coverage (m ² GIA)			170,874				403,339		574,213	
Reporting scope coverage by surface area (%)			88%				55%		62%	
Number of applicable properties			11/13				23/88		34/101	
Proportion of estimated data			0%				0%		0%	
Water intensity (m ³ /m ² GIA/year)			0.49	0.50			0.33	0.34	0.38	0.39
Like-for-like water consumption (m ³)	303-1	Water-LfL	84,154	85,862			134,369	137,920	218,522	223,782
CHANGE IN WATER CONSUMPTION INTENSITY 2019/2018			2.0%				2.6%		2.4%	

(1) Beta Aqueduct 2019 – Baseline Water Stress country ranking – <https://wri.org/applications/aqueduct/country-rankings/>

Waste – Total mass of waste in tonnes by type and disposal method

In France, waste is collected by municipal services that do not weigh the waste or provide monitoring data. Recording tonnage data is possible only where waste is managed by private waste contractors, as is the case for 15 assets.

			Immeubles multi-locataires							
			Scope "operational control"		Scope "tenant areas"		Mono-locataires		Total Portefeuille	
	GRI	EPRA BPRs	2018	2019	2018	2019	2018	2019	2018	2019
Total waste production (Abs)										
Reporting scope coverage by surface area (m²GIA)			182,331	92,572			328,432	257,000	510,763	349,572
Reporting scope coverage by surface area (%)			76%	42%			42%	34%	50%	36%
Number of applicable properties			10/17	7/15			17/92	12/93	27/109	19/108
Proportion of estimated data			0%	0%			0%	0%	0%	0%
Total waste (tonnes)	306-2	Waste-Abs	700	435			1,229	1,170	1,928	1,605
Total hazardous waste (tonnes)			0	0			0	0	0	0
of which recycled, re-used or composted waste	306-2	Waste-Abs	387	76			405	690	792	766
i.e. (%)			55%	17%			33%	59%	41%	48%
of which incinerated (including with energy recovery)			NA	NA			NA	NA	NA	NA
of which landfill	306-2	Waste-Abs	NA	NA			NA	NA	NA	NA
of which other disposal methods	306-2	Waste-Abs	NA	NA			NA	NA	NA	NA
Rate of selective collection	306-2	Waste-Abs	100%	100%			100%	100%	100%	100%
Total extrapolated production of waste (t)			0	0	N/A		0	0	0	0
Waste production – Like-for-like (LfL)										
Reporting scope coverage by surface area (m²GIA)			54,933				257,000		311,932	
Reporting scope coverage by surface area (%)			28%				35%		34%	
Number of applicable properties			4/13				12/88		16/101	
Proportion of estimated data			0%				0%		0%	
Rate of selective collection			100%	100%			100%	100%	100%	100%
Total waste (tonnes)			148	127			1,103	1,170	1,251	1,296
Total hazardous waste (tonnes)			0	0			0	0	0	0
of which recycled, re-used or composted waste			38	29			400	690	438	719
i.e. (%)			25%	23%			36%	59%	35%	55%
of which incinerated (including with energy recovery)			NA	NA			NA	NA	NA	NA
of which landfill			NA	NA			NA	NA	NA	NA
of which other disposal methods	303-1	Water-LfL	NA	NA	N/A		NA	NA	NA	NA
CHANGE IN TOTAL WASTE PRODUCTION 2019/2018			-14.3%				6.0%		3.6%	

2.7.1.2. Green Bond portfolio

The details of Covivio's two Green Bond issues of April 2016 and September 2019 are set out in Section 2.3.4. The following tables only concern the first Green Bond issue, as the assets underlying the second issue were all under development at 31 December 2019.

■ Type and number of sustainably certified assets (Cert-Tot)

Green Bond 1: 100%: HQE (at least 9 E or VE targets out of 14) or BREEAM (Very Good as a minimum). Some of these assets also have in-use certification (HQE Operating/BREEAM In-Use).

Green Bond 2: 100%: HQE Excellent certification and/or BREEAM Excellent targeted

■ Energy – direct and indirect energy consumption by primary energy source and energy intensity ratio for the fully owned portfolio (operational control scope)

Total energy consumption (Abs)	GRI Standards	EPRA BPRs	2018	2019
Reporting scope coverage by surface area (m^2GIA)			154,337	143,503
Reporting scope coverage by surface area (%)			100%	100%
Number of applicable properties			10/10	10/10
Proportion of estimated data			0%	0%
Intensity ($kWhfe/m^2GIA/year$)	CRE1	Energy-Int	112	122
Intensity ($kWhpe/m^2GIA/year$)			236	258
Total direct energy ($kWhfe$)	302-1	Fuel-Abs	688,674	836,107
Natural gas (<i>direct energy</i>) – non-renewable source	302-1	Fuel-Abs	541,391	535,134
Natural gas (<i>direct energy</i>) – renewable source	302-1		0	0
Fuel oil (<i>direct energy</i>)	302-1	Fuel-Abs	0	0
Wood (<i>direct energy</i>)	302-1	Fuel-Abs	147,283	300,973
Total indirect energy ($kWhfe$)	302-1	Elec-Abs	16,486,761	16,464,128
Electricity (<i>indirect energy</i>) – non-renewable source	302-1	Elec-Abs	12,107,218	12,433,170
Electricity (<i>indirect energy</i>) – renewable source			829,170	850,963
Renewable energy production	302-1	Elec-Abs	148,294	153,139
of which solar			148,294	153,139
District heating and cooling (<i>indirect energy</i>)	302-1	DH&C-Abs	3,698,667	3,333,133
Total energy consumption ($kWhfe$)			17,175,435	17,300,235
Total energy (GJ)			61,832	62,281
Total energy consumption ($kWhpe$)			36,394,220	36,977,394
Estimated consumption for vacant space ($kWhpe$)			0	0
Estimated consumption in occupied areas for which data is not available ($kWhpe$)			0	0
Total measured + extrapolated energy consumption ($kWhpe$)			36,394,220	36,977,394

		Total consumption (Abs) Scope "operational control"			Like-for-Like (LfL) Scope "operational control"				
		2018	2019		2018	2019			
Reporting scope coverage by surface area (<i>m²GIA</i>)	EPRA BPRs	154,337	143,503		EPRA BPRs	132,149			
Reporting scope coverage by surface area (%)		100%	100%			100%			
Number of applicable properties		10/10	10/10			9/9			
Proportion of estimated data		0%	0%			0%			
Paid by the owner		Variation			Variation				
Total Electricity (<i>kWh</i>)	Elec-Abs	12,936,388	13,284,134	2.7%	Elec-LfL	13,535,699	12,669,069	-6.4%	
of which on a tenant submeter		0	0			0	0		
of which shared services		12,936,388	13,284,134	2.7%		13,535,699	12,669,069	-6.4%	
Total District heating and cooling (<i>kWh</i>)	DH&C-Abs	3,698,667	3,333,133	-99%	DH&C-LfL	3,474,013	3,319,377	-4.5%	
of which on a tenant submeter		0	0	0		0	0		
of which shared services		3,698,667	3,333,133	-99%		3,474,013	3,319,377	-4.5%	
Total Gas-fuel oil-wood (<i>kWh</i>)	Fuel-Abs	688,674	836,107	21.4%	Fuel-LfL	642,471	830,068	29.2%	
of which on a tenant submeter		0				0	0		
of which shared services		688,674	836,107	21.4%		642,471	830,068	29.2%	
		INTENSITY (<i>kWhfe/m²GIA/year</i>)			133.6			127.3	-4.7%

■ Carbon – Total direct and indirect GHG emissions and carbon intensity ratio for fully-owned assets (operational control scope)

Total Emissions (Abs) – “Operational control” scope						Emissions on a like-for-like basis (LfL) – “Operational control” scope			
GRI Standards	EPRA BPRs	2018	2019			2018	2019		
Reporting scope coverage by surface area (<i>m²GIA</i>)		154,337	143,503			132,149			
Reporting scope coverage by surface area (%)		100%	100%			100%			
Number of applicable properties		10/10	10/10			9/9			
Proportion of estimated data		0%	0%			0%		Variation	
Carbon intensity <i>(kgCO₂e/m²GIA/year)</i>	305-4	GHG-Int	8.3	8.5	2.9%	9.5	9.0	-4.8%	
GHG						EPRA BPRs			
Scope 1 – Total direct emissions (<i>tCO₂e</i>)	305-1	GHG-Dir-Abs	93	94	1.0%	GHG-Dir-LfL	91	94	3.6%
Scope 2 – Total indirect emissions (<i>tCO₂e</i>)	305-2	GHG-Indir-Abs	1181	1,124	-4.8%	GHG-Indir-LfL	1,159	1,097	-5.4%
Scope 3 – Other emissions (<i>tCO₂e</i>)		GHG-Indir-Abs	0	0		GHG-Indir-LfL	0	0	
Total emissions (<i>tCO₂e/year</i>)			1,274	1,219*		1,250	1,191		
CHANGE IN CARBON EMISSIONS 2019/2018				-4.4%			-4.8%		

* This data takes into account the low level of emissions associated with green electricity contracts. With coefficients that do not take this into account, the total emissions of the assets would amount to 1,252 tCO_2e with a carbon intensity of 8.7 $kgCO_2e/m^2/year$.

■ Water – Total water consumption and water intensity ratio for fully owned buildings (operational control scope)

Total water consumption (Abs)	GRI Standards	EPRA BPRs	2018	2019
Reporting scope coverage by surface area (m^2GIA)			154,337	139,874
Reporting scope coverage by surface area (%)			100%	97%
Number of applicable properties			10/10	9/10
Water intensity ($m^3/m^2GIA/year$)	CRE2	Water-Int	0.38	0.36
Total water consumption (m^3)	303-1	Water-Abs	58,618	51,017
Estimated water consumption in vacant space (m^2)			0	0
Estimated consumption in occupied areas for which data is not available (m^2)			0	1,324
Total extrapolated water consumption (m^2)			58,618	52,340
Water consumption – Like-for-like (LfL)				
Reporting scope coverage by surface area (m^2GIA)				128,520
Reporting scope coverage by surface area (%)				97%
Number of applicable properties				8/9
Proportion of estimated data				0%
Water intensity ($m^3/m^2GIA/year$)			0.39	0.37
Like-for-like water consumption (m^3)	303-1	Water-LfL	47,899	47,718
CHANGE IN WATER CONSUMPTION INTENSITY 2019/2018				-0.4%

Waste – Total mass of waste in tonnes by type and disposal method

Total waste production (Abs)	GRI Standards	EPRA BPRs	2018	2019
Reporting scope coverage by surface area (m^2GIA)			122,327	56,555
Scope coverage (%)			79%	42%
Number of applicable properties			6/10	3/10
Proportion of estimated data			0%	0%
Total waste (tonnes)	306-2	Waste-Abs	406	277
Total hazardous waste (tonnes)	306-2		0	0
of which recycled, re-used or composted waste	306-2	Waste-Abs	88	42
i.e. (%)			22%	15%
Rate of selective collection			100%	100%
Total extrapolated production of waste (t)			512	667
Waste production – Like-for-like (LfL)				
Reporting scope coverage by surface area (m^2GIA)			55,926	
Scope coverage (%)			42%	
Number of applicable properties			2/9	
Proportion of estimated data			0%	
Rate of selective collection			100%	100%
Total waste (tonnes)	306-2	Waste-LfL	110	120
Total hazardous waste (tonnes)			0	0
of which recycled, re-used or composted waste			80	42
i.e. (%)			72%	35%
CHANGE IN TOTAL WASTE PRODUCTION 2019/2018			8.5%	

2.7.1.3. Italy Offices

The environmental report for the Italy Offices portfolio relates to directly managed office buildings, corresponding to the EPRA scope as mentioned earlier.

Type and number of sustainably certified assets (Cert-Tot)

At 31 December 2019, 72.5% (in value, Group share) of office buildings in Italy were certified for construction (LEED/ITACA/BREEAM) or operation (BraVe/BREEAM In-Use). This percentage

is expressed relative to all the assets held on this date, including both assets under construction and in operation.

Energy – Direct and indirect energy consumption by source and energy intensity ratio for the fully owned portfolio (operational control scope)

Consumption data is based on invoices obtained from the property management company or energy suppliers. All of the assets have submeters for tenant areas (SASB IF-RE 410a.2), of which the energy consumption is not reported here.

Changing the final/primary energy conversion coefficients for green electricity (1kWhfe = 1kWhpe) resulted in a sharp fall in the primary intensity ratio in 2018 for the Italy Offices portfolio given their green electricity supply.

The portfolio's energy intensity rose this year, mainly because of a change in the structure of the portfolio and an increase in the occupancy of a major asset in terms of surface area, resulting in much higher heat generation than in 2018. On a like-for-like basis, this increase was maintained at 10.6%.

	GRI Standards	EPRA BPRs	2018	2018 Restated*	2019
Reporting scope coverage by surface area (m ² GLA)			201,147	201,147	195,951
Reporting scope coverage by surface area (%)			96%	96%	100%
Number of applicable properties			18/19	18/19	17/17
Proportion of estimated data			0%	0%	0%
Intensity (kWhfe/m²GLA/year)	CRE1	Energy-Int	82.5	90.6	131.4
Intensity (kWhpe/m²GLA/year)			82.5	90.6	131.4
Total direct energy (kWhfe)	302-1	Fuel-Abs	6,174,892	6,984,458	10,016,743
Natural gas (direct energy) – non-renewable source	302-1	Fuel-Abs	6,174,892	6,984,458	10,016,743
Natural gas (direct energy) – renewable source	302-1		0	0	0
Fuel oil (direct energy)	302-1	Fuel-Abs	0	0	0
Wood (direct energy)	302-1	Fuel-Abs	0	0	0
Total indirect energy (kWhfe)	302-1	Elec-Abs	10,428,014	11,248,732	15,732,137
Electricity (indirect energy) – non-renewable source	302-1	Elec-Abs	0	0	0
Electricity (indirect energy) – renewable source			10,428,014	10,414,712	13,289,135
Renewable energy production	302-1	Elec-Abs	0	0	0
of which solar			0	0	0
District heating and cooling (indirect energy)	302-1	DH&C-Abs	0	834,020	2,443,002
Total energy consumption (kWhfe)			16,602,906	18,233,191	25,748,880
Total energy (GJ)			59,770	65,639	92,696
Total energy consumption (kWhpe)			16,602,906	18,233,191	25,748,880
Estimated consumption for vacant space (kWhpe)			0	0	0
Estimated consumption in occupied areas for which data is not available (kWhpe)			763,174	838,112	0
Total measured and extrapolated energy consumption (kWhpe)			17,366,079	19,071,302	25,748,880

* Following a revision of conversion coefficients for gas (m³/kWh), the 2018 data has been restated in order to apply the new coefficient. Moreover, one urban heating data for 2018 was only provided in 2019 and was added to this column.

Total consumption (Abs)						Like-for-Like (Lfl)			
		2018	2018 Restated	2019		2018		2019	
Reporting scope coverage by surface area (m ² GLA)	EPRA BPRs	201,147	201,147	195,951		EPRA BPRs	156,802		
Reporting scope coverage by surface area (%)		96%	96%	100%			94%		
Number of applicable properties		18/19	18/19	17/17			13/14		
Proportion of estimated data		0%	0%	0%			0%		
Paid by the owner		Variation 2018R/ 2019					Variation		
Total Electricity (kWh)	Elec-Abs	10,428,014	10,414,712	13,289,135	27.6%	Elec-Lfl	7,119,205	7,958,992	11.8%
of which on a tenant submeter		0	0	0			0	0	
of which shared services		10,428,014	10,414,712	13,289,135	27.6%		7,119,205	7,958,992	11.8%
Total District heating and cooling (kWh)	DH&C-Abs	0	834,020	2,443,002	192.9%	DH&C-Lfl	834,020	1,953,224	134.2%
of which on a tenant submeter		0	0	0			0	0	
of which shared services		0	834,020	2,443,002	192.9%		834,020	1,953,224	134.2%
Total Gas-fuel oil-wood (kWh)	Fuel-Abs	6,174,892	6,984,458	10,016,743	43.4%	Fuel-Lfl	6,466,614	6,034,230	-6.7%
of which on a tenant submeter		0	0	0			0	0	
of which shared services		6,174,892	6,984,458	10,016,743	43.4%		6,466,614	6,034,230	-6.7%
INTENSITY (kWhfe/m ² GLA/year)							92.0	101.7	10.6%

Carbon – Total GHG emissions and carbon intensity ratio for fully-owned assets (operational control scope)

The portfolio's carbon intensity was impacted by an increase in heating consumption this year, mainly from an asset that recorded a sharp increase in its occupancy rate in 2019.

		Total Emissions (Abs)					Emissions on a like-for-like basis (LfL)			
GRI Standards	EPRA BPRs	2018	2018 Restated	2019			2018	2019		
		201,147	201,147	195,951			156,802			
Reporting scope coverage by surface area (m²GLA)		96%	96%	100%			94%			
Number of applicable properties		18/19	18/19	17/17			13/14			
Proportion of estimated data		0%	0%	0%	Variation		0%		Variation	
Carbon intensity (kgCO ₂ e/m²GLA/year)	305-4	GHG-Int	7.2	9.2	12.8	38.3%	9.0	10.4	15.2%	
GHG							EPRA BPRs			
Scope 1 – Total direct emissions (tCO ₂ e)	305-1	GHG-Dir-Abs	1,445	1,634	1,853	13.4%	GHG-Dir-LfL	1,196	1,116	-6.7%
Scope 2 – Total indirect emissions (tCO ₂ e)	305-2	GHG-Indir-Abs	0	220	645	192.9%	GHG-Indir-LfL	220	516	134.2%
Scope 3 – Other emissions (tCO ₂ e)		GHG-Indir-Abs	0	0	0		GHG-Indir-LfL	0	0	
Total emissions (tCO ₂ e/year)			1,445	1,855	2,499*		1,417	1,632		
CHANGE IN CARBON EMISSIONS 2019/2018			34.7%			15.2%				

* This data takes into account the low level of emissions associated with green electricity contracts. With coefficients that do not take this into account, the total emissions of the assets would amount to 7,893 tCO₂e with a carbon intensity of 40.3 kgCO₂e/m²GLA/year.

Water – Total water consumption and water intensity ratio for fully owned buildings (operational control scope)

Water used in the portfolio comes from a single source: municipal water supplies. According to the WRI Aqueduct map⁽¹⁾, 0% of the directly managed portfolio is located in a region with a high risk of baseline water stress (SASB IF-RE-140a).

Total water consumption (Abs)		GRI Standards	EPRA BPRs	2018	2019
Reporting scope coverage by surface area (m ² GLA)				156,561	175,594
Reporting scope coverage by surface area (%)				74%	90%
Number of applicable properties				13/19	16/17
Water intensity (m ³ /m ² GLA/year)	CRE2	Water-Int		0.71	0.71
Total water consumption (m ³)	303-1	Water-Abs		111,841	123,977
Estimated water consumption in vacant space (m ³)				0	0
Estimated consumption in occupied areas for which data is not available (m ³)				38,455	14,373
Total extrapolated water consumption (m ³)				150,296	138,350
Water consumption – Like-for-like (Lfl)					
Reporting scope coverage by surface area (m ² GLA)				116,428	
Reporting scope coverage by surface area (%)				70%	
Number of applicable properties				9/14	
Proportion of estimated data				0%	
Water intensity (m ³ /m ² GLA/year)				0.81	0.85
Like-for-like water consumption (m ³)	303-1	Water-LfL		94,530	99,011
CHANGE IN WATER CONSUMPTION INTENSITY 2019/2018					4.7%

(1) Beta Aqueduct 2019 – Baseline Water Stress country ranking – <https://wri.org/applications/aqueduct/country-rankings/>

■ Waste – Total mass of waste in tonnes by type and disposal method

Total waste production (Abs)	GRI Standards	EPRA BPRs	2018	2019
Reporting scope coverage by surface area (m^2GLA)			210,393	195,951
Reporting scope coverage by surface area (%)			100%	100%
Number of applicable properties			19/19	17/17
Proportion of estimated data				
Total non-hazardous waste (tonnes)	306-2	Waste-Abs	13,239	3,817
Total hazardous waste (tonnes)	306-2		N/A	N/A
of which recycled, re-used or composted waste	306-2	Waste-Abs	5,935	1,848
i.e. (%)			45%	48%
of which incinerated (including with energy recovery)	306-2	Waste-Abs	N/C	N/C
of which landfill	306-2	Waste-Abs	N/C	N/C
of which other disposal methods	306-2	Waste-Abs	N/C	N/C
Rate of selective collection			100%	100%
Total extrapolated production of waste (t)				
Waste production – Like-for-like (LfL)				
Reporting scope coverage by surface area (m^2GLA)			147,692	
Reporting scope coverage by surface area (%)			89%	
Number of applicable properties			12/14	
Proportion of estimated data				
Rate of selective collection			100%	100%
Total waste (tonnes)	306-2	Waste-LfL	3,089	3,728
Total hazardous waste (tonnes)	306-2	Waste-LfL	N/A	N/A
of which recycled, re-used or composted waste			1,292	1,794
i.e. (%)			42%	48%
of which incinerated (including with energy recovery)			NC	NC
of which landfill			NC	NC
of which other disposal methods			NC	NC
CHANGE IN TOTAL WASTE PRODUCTION 2019/2018			20.7%	

2.7.1.4. Germany Residential

Given the size of the residential portfolio held by Covivio Immobilien, the Group decided in 2014 to monitor fluid consumption and waste production for a representative sample. This sample was updated and supplemented in 2019 in coordination with the CSTB to take into account changes in the portfolio. It now includes 201 assets accounting for 5% of the portfolio assets (in surface area).

The representativeness of the sample is ensured through the following selection criteria:

- four geographic areas: Berlin, North Rhine-Westphalia, Hamburg, Saxony
- twelve construction periods: pre-1859 to post-2016
- four types of heat generation: urban heating systems, district heating, gas furnaces and individual heating.

■ Type and number of sustainably certified assets (Cert-Tot) (2.3.1.4)

In Germany, Covivio's entire residential portfolio is HQE Operating certified. This represents more than 40,000 housing units in various cities across Germany.

■ Energy – Direct and indirect energy consumption by primary energy source and energy intensity ratio for buildings in use (operational control scope)

The data relates to the owner scope and is based on invoices with no estimates. Property owners cannot ask for the tenants' energy consumption data. All of the assets have submeters for tenant

areas (SASB IF-RE 410a.2), of which the energy consumption is not reported here.

	GRI Standards	EPRA BPRs	2018	2019
Reporting scope coverage by surface area (m^2 Nütz)			95,086	112,087
Reporting scope coverage by surface area (%)			92%	86%
Number of applicable properties			142/154	170/201
Proportion of estimated data			0%	0%
Intensity ($kWhfe/mm^2$Nütz/year)	CRE1	Energy-Int	185	208
Intensity ($kWhpe/m^2$Nütz/year)			200	225
Total direct energy ($kWhfe$)	302-1	Fuel-Abs	6,878,799	9,305,156
Natural gas (direct energy) – non-renewable source	302-1	Fuel-Abs	6,878,799	9,270,855
Natural gas (direct energy) – renewable source	302-1		0	0
Fuel oil (direct energy)	302-1	Fuel-Abs	0	34,301
Wood (direct energy)	302-1	Fuel-Abs	0	0
Total indirect energy ($kWhfe$)	302-1	Elec-Abs	10,689,273	14,027,441
Electricity (indirect energy) – non-renewable source	302-1	Elec-Abs	280,041	361,964
Electricity (indirect energy) – renewable source			0	0
Renewable energy production	302-1	Elec-Abs	67,826	32,944
of which solar			67,826	32,944
District heating and cooling (indirect energy)	302-1	DH&C-Abs	10,477,058	13,698,421
Total energy consumption ($kWhfe$)			17,568,071	23,332,597
Total energy (GJ)			63,245	83,997
Total energy consumption ($kWhpe$)			19,022,942	25,170,864
Estimated consumption for vacant space ($kWhpe$)			0	0
Estimated consumption in occupied areas for which data is not available ($kWhpe$)			1,592,308	4,204,728
Total measured + extrapolated energy consumption ($kWhpe$)			20,615,250	29,375,591*

* By extrapolating the consumption of the representative panel to the entire German residential portfolio, energy consumption would amount to 524,287,910 $kWhpe$, or an energy intensity of 201.5 $kWhpe/m^2$ Nütz. This data is calculated by reintegrating the 25 assets equipped with individual heaters not taken into account in the reporting scope (11% of floor area), as well as the production of solar energy from assets in the portfolio (823,143 kWh).

The increase in energy intensity from 185 $kWhfe/m^2$ to 208 $kWhfe/m^2$ between 2018 and 2019 is mainly due to the evolution of the representative panel, with the aim of reporting more accurately the level of energy consumption of the German residential stock. On a like-for-like scope, there was a slight decrease of 2.1% between 2018 and 2019.

		2018	2019			2018	2019	
Reporting scope coverage by surface area (<i>m²Nütz</i>)	EPRA BPRs	95,086	112,087	EPRA BPRs		69,279		
Reporting scope coverage by surface area (%)		92%	86%			88%		
Number of applicable properties		142/154	170/201			104/118		
Proportion of estimated data		0%	0%			0%		
Paid by the owner		Variation			Variation			
Total Electricity (<i>kWh</i>)	Elec-Abs	280,041	361,964	29.3%	Elec-LfL	208,088	207,582	-0.2%
of which on a tenant submeter		0	0			0	0	
of which shared services		280,041	361,964	29.3%		208,088	207,582	-0.2%
Total district heating and cooling (<i>kWh</i>)	DH&C-Abs	10,477,058	13,698,421	30.7%	DH&C-LfL	8,432,012	8,252,773	-2.1%
of which on a tenant submeter		0	0			0	0	
of which shared services		10,477,058	13,698,421	30.7%		8,432,012	8,252,773	-2.1%
Total Gas-fuel oil-wood (<i>kWh</i>)	Fuel-Abs	6,878,799	9,305,156	35.3%	Fuel-LfL	4,763,276	4,661,022	-2.1%
of which on a tenant submeter		0	0			0	0	
of which shared services		6,878,799	9,305,156	35.3%		4,763,276	4,661,022	-2.1%
		INTENSITY (<i>kWhfe/m²Nütz/year</i>)				193.5	189.4	-2.1%

■ Carbon – Total direct or indirect GHG emissions and greenhouse gas emissions from buildings in use (operational control scope)

		Total Emissions (Abs)				Emissions on a like-for-like basis (LfL)			
GRI Standards	EPRA BPRs	2018	2019			2018	2019		
Reporting scope coverage by surface area (<i>m²Nütz</i>)		95,086	112,087			69,279			
Reporting scope coverage by surface area (%)		92%	86%			88%			
Number of applicable properties		142/154	170/201			104/118			
Proportion of estimated data		0%	0%	Variation		0%		Variation	
Carbon intensity <i>(kgCO₂e/m²Nütz/year)</i>	305-4	GHG-Int	32.1	31.4	-1.5%	28.6	28.0	-2.0%	
GHG Protocol						EPRA BPRs			
Scope 1 – Total direct emissions <i>(tCO₂e)</i>	305-1	GHG-Dir-Abs	1,678	1,725	7.2%	GHG-Dir-LfL	881	862	-2.1%
Scope 2 – Total indirect emissions <i>(tCO₂e)</i>	305-2	GHG-Indir-Abs	1,376	1,797	26.2%	GHG-Indir-LfL	1,099	1,078	-2.0%
Scope 3 – Other emissions <i>(tCO₂e)</i>		GHG-Indir-Abs	0	0		GHG-Indir-LfL	0	0	
Total emissions <i>(tCO₂e/year)</i>			3,054	3,522*		1,981	1,940		
CHANGE IN CARBON EMISSIONS 2019/2018			15.3%			-2.0%			

* By extrapolating consumption from the representative panel to the entire German residential portfolio (2,601,871m²), total GHG emissions would be 73,532tCO₂e, or a carbon intensity of 28.3kgCO₂e/m².

Water – Total water consumption and water intensity ratio for buildings in use (operational control scope)

Water used in the portfolio comes from a single source: municipal water supplies.

The portfolio water consumption increased in 2019 due to the evolution of the representative panel. On a like-for-like basis, consumption is stable at a level of 1.71m³/m².

According to the WRI Aqueduct map⁽¹⁾, 0% of the portfolio (in surface area) is located in a region with a high risk of baseline water stress (SASB IF-RE-140a).

Total water consumption (Abs)	GRI Standards	EPRA BPRs	2018	2019
Reporting scope coverage by surface area (m ² Nütz)			97,550	118,007
Reporting scope coverage by surface area (%)			95%	90%
Number of applicable properties			144/154	181/201
Water intensity (m³/m² Nütz/year)	CRE2	Water-Int	1.53	1.87
Total water consumption (m³)	303-1	Water-Abs	149,145	220,085
Estimated water consumption in vacant space (m ³)			0	0
Estimated consumption in occupied areas for which data is not available (m ³)			8,402	23,879
Total extrapolated water consumption (m ³)			157,547	243,964
Water consumption – Like-for-like (Lfl)				
Reporting scope coverage by surface area (m ² Nütz)			71,261	
Reporting scope coverage by surface area (%)			91%	
Number of applicable properties			107/118	
Proportion of estimated data			0%	
Water intensity (m³/m² Nütz/year)			1.71	1.71
Like-for-like water consumption (m ³)	303-1	Water-LfL	122,016	121,947
CHANGE IN WATER CONSUMPTION INTENSITY 2019/2018				-0.1%

By extrapolating water consumption from the representative panel to the entire German residential portfolio (2,601,871m²), a water consumption level of 4,852,528 m³ is obtained.

Waste – Total mass of waste in tonnes by type and disposal method (operational control scope)

Total waste production (Abs)	GRI Standards	EPRA BPRs	2018	2019
Reporting scope coverage by surface area (m ² Nütz)			103,046	130,244
Reporting scope coverage by surface area (%)			100%	100%
Number of applicable properties			154/154	200/201
Proportion of estimated data			0%	0%
Total non-hazardous waste (m³)	306-2	Waste-Abs	16,786	7,818
Total hazardous waste (m³)	306-2	Waste-Abs	NA	NA
of which recycled, re-used or composted waste	306-2	Waste-Abs	NA	NA
i.e. (%)			NA	NA
of which incinerated (including with energy recovery)	306-2	Waste-Abs	NA	NA
of which landfill	306-2	Waste-Abs	NA	NA
of which other disposal methods	306-2	Waste-Abs	NA	NA
Rate of selective collection			100%	100%
Total extrapolated production of waste (t)			16,786	7,852
Waste production – Like-for-like (Lfl)				
Reporting scope coverage by surface area (m ² Nütz)			78,399	
Reporting scope coverage by surface area (%)			100%	
Number of applicable properties			118/118	
Proportion of estimated data			0%	
Rate of selective collection			100%	100%
Total non-hazardous waste (m³)	306-2	Waste-LfL	4,063	4,058
Total hazardous waste (m³)	306-2	Waste-LfL	NA	NA
of which recycled, re-used or composted waste			NC	NC
i.e. (%)			NC	NC
of which incinerated (including with energy recovery)			NC	NC
of which landfill			NC	NC
of which other disposal methods			NC	NC
CHANGE IN TOTAL WASTE PRODUCTION 2019/2018				-0.1%

(1) Beta Aqueduct 2019 – Baseline Water Stress country ranking – <https://wri.org/applications/aqueduct/country-rankings/>

2.7.1.5. Hotels Europe

Covivio's Hotels and Service Sector portfolio is made up entirely of single-let buildings. The tenants are responsible for the operation and management of energy, water and waste for each asset. As such, Covivio does not have "operational control" of the assets and is thus exempted from environmental reporting in light of the EPRA recommendations.

Nonetheless, Covivio is determined to monitor and reduce the environmental footprint of its portfolio and organises reporting with its tenants, who provide their data on waste production, energy and water consumption each year.

Since 2018, the reporting scope covers not only the assets held in France but also hotels held by Covivio Hotels in the rest of Europe (including hotel operating properties). The scope of environmental reporting is based on Covivio's consolidated financial reporting scope. Assets under development, under promise, or acquired less than a year ago at the end of December 2019 are excluded from this scope. Reporting therefore covers 262 assets out of the 370 comprising the financial scope (including retail, i.e. 1,673,075 m²).

■ Type and number of sustainably certified assets (Cert-Tot) (2.3.1.4)

As at 31 December 2019, 56.8% of the reporting scope (in value, Group share) had a building certification (HQE or BREEAM) and/

or an operating certification: BREEAM In-Use or sector-specific labels such as Green Key, Planet21, and Green Globe.

■ Energy – Direct and indirect energy consumption by primary energy source and energy intensity ratio for buildings in use

The figures presented below correspond to scope 3 of the GHG protocol, since none of this consumption is managed or paid for by the owner ("outside operational control"). The energy intensity of the hotel portfolio increased this year, mainly due to Covivio's upscale strategy and notably with its entry into 4 or 5 star assets that are equipped with premium restaurants and services.

	GRI Standards	EPRA BPRs	2018	2019
Reporting scope coverage by surface area (m ²)			1,264,429	1,277,104
Reporting scope coverage by surface area (%)			77%	76%
Number of applicable properties			347/420	262/349
Proportion of estimated data			0%	0%
Intensity (kWhfe/m²/year)	CRE1	Energy-Int	182	209
Intensity (kWhpe/m²/year)			326	369
Total direct energy (kWhfe)	302-1	Fuel-Abs	65,051,623	85,717,300
Natural gas (direct energy) – non-renewable source	302-1	Fuel-Abs	60,004,087	75,652,880
Natural gas (direct energy) – renewable source	302-1		90,458	817,160
Fuel oil (direct energy)	302-1	Fuel-Abs	201,820	3,358,648
Wood (direct energy)	302-1	Fuel-Abs	4,755,259	5,888,612
Total indirect energy (kWhfe)	302-1	Elec-Abs	164,663,836	180,766,899
Electricity (indirect energy) – non-renewable source	302-1	Elec-Abs	112,315,870	127,426,719
Electricity (indirect energy) – renewable source			20,820,866	19,483,576
Renewable energy production	302-1	Elec-Abs	129,704	122,411
of which solar			129,704	122,411
District heating and cooling (indirect energy)	302-1	DH&C-Abs	31,656,804	33,979,015
Total energy consumption (kWhfe)			229,715,460	266,484,199
Total energy (GJ)			826,976	959,343
Total energy consumption (kWhpe)			412,096,675	470,828,355
Estimated consumption for vacant space (kWhpe)			0	0
Estimated consumption in occupied areas for which data is not available (kWhpe)			121,206,134	145,981,997
Total measured + extrapolated energy consumption (kWhpe)			533,302,809	616,810,352

		Total consumption (Abs)			Like-for-Like (Lfl)		
		2018	2019	Variation (%)			Variation (%)
Reporting scope coverage by surface area (m ²)	EPRA BPRs	1,264,429	1,277,104		EPRA BPRs	920,523	
Reporting scope coverage by surface area (%)		77%	76%			64%	
Number of applicable properties		347/420	262/349			216/327	
Proportion of estimated data		0%	0%			0%	

Variation					Variation			
Total Electricity (kWh)	Elec-Abs	133,136,736	146,910,295	10.3%	Elec-LfL	106,161,223	102,932,599	-3.0%
of which on a tenant submeter								
of which shared services		133,136,736	146,910,295	10.3%		106,161,223	102,932,599	-3.0%
Total District heating and cooling (kWh)	DH&C-Abs	31,656,804	33,979,015	7.3%	DH&C-LfL	27,669,503	26,393,204	-4.6%
of which on a tenant submeter								
of which shared services		31,656,804	33,979,015	7.3%		27,669,503	26,393,204	-4.6%
Total Gas-fuel oil-wood (kWh)	Fuel-Abs	65,051,623	85,717,300	31.8%	Fuel-LfL	42,265,561	40,681,239	-3.7%
of which on a tenant submeter								
of which shared services		65,051,623	85,717,300	31.8%		42,265,561	40,681,239	-3.7%
			INTENSITY (kWhfe./m ² /year)			191.3	184.7	-3.5%

Carbon – Total direct or indirect GHG emissions and greenhouse gas emissions from buildings

The emissions presented in this table represent Scope 3 emissions for Covivio in accordance with the GHG Protocol.

			Total Emissions (Abs)			Emissions on a like-for-like basis (Lfl)			
	GRI Standards	EPRA BPRs	2018	2019	Variation (%)		2018	2019	Variation (%)
Reporting scope coverage by surface area (m ²)			1,264,429	1,277,104		920,523			
Reporting scope coverage by surface area (%)			77%	76%		64%			
Number of applicable properties			347/420	262/349		216/327			
Proportion of estimated data			0%	0%		0%			
Carbon intensity (kgCO ₂ e/m ² /year)	305-4	GHG-Int	23.8	34.5	44.9%		24.3	23.4	-3.7%
GHG Protocol						EPRA,BPRs			
Scope 1 – Total direct emissions (tCO ₂ e)	305-1	GHG-Dir-Abs	11,366	14,549	28.0%	GHG-Dir-LfL	6,607	6,447	-2.4%
Scope 2 – Total indirect emissions (tCO ₂ e)	305-2	GHG-Indir-Abs	18,669	29,497	58.0%	GHG-Indir-LfL	15,734	15,056	-4.3%
Scope 3 – Other emissions (tCO ₂ e)		GHG-Indir-Abs	0	0		GHG-Indir-LfL	0	0	
Total emissions (tCO ₂ e/year)			30,035	44,047*		22,340			21,503
CHANGE IN CARBON EMISSIONS 2019/2018							-3.7%		

* This data takes into account the low level of emissions associated with green electricity contracts. With coefficients that do not take this into account, the total emissions of the assets would amount to 49,428 tCO₂e, with a carbon intensity of 38.7 kgCO₂e/m²/year.

Water – Total water consumption and water intensity ratio for buildings in use

The water used in the portfolio comes from a single source: municipal water supplies. Missing consumption figures were not included in the evaluation. According to the WRI Aqueduct map⁽¹⁾, 14% and 7% respectively of the surface water scope (i.e. 11% and 8% of water consumption in 2019) is located in a region with a high or very high risk of baseline water stress (SASB IF-RE-140a).

Total water consumption (Abs)	GRI Standards	EPRA BPRs	2018	2019
Reporting scope coverage by surface area (m ²)			1,284,937	1,313,262
Reporting scope coverage by surface area (%)			79%	78%
Number of applicable properties			348/420	278/349
Water intensity (m³/m²/year)	CRE2	Water-Int	1.51	1.50
Total water consumption (m³)	303-1	Water-Abs	1,945,562	1,972,111
Estimated water consumption in vacant space (m ³)			0	0
Estimated consumption in occupied areas for which data is not available (m ³)			532,045	540,327
Total extrapolated water consumption (m ³)			2,477,607	2,512,439
Water consumption – Like-for-like (LfL)				
Reporting scope coverage by surface area (m ²)			996,219	
Reporting scope coverage by surface area (%)			69%	
Number of applicable properties			228/327	
Proportion of estimated data			0%	
Water intensity (m³/m²/year)			1.50	1.49
Like-for-like water consumption (m ³)	303-1	Water-LfL	1,498,440	1,488,740
CHANGE IN WATER CONSUMPTION INTENSITY 2019/2018				-0.6%

Waste – Total mass of waste in tonnes by type and disposal method

In most cases, municipalities are in charge of waste removal and provide no information as to the weight of the waste. However, the tonnage is available on certain sites. Data is communicated for 50% of them.

Total waste production (Abs)	GRI Standards	EPRA BPRs	2018	2019
Reporting scope coverage by surface area (m ²)			499,161	416,980
Reporting scope coverage by surface area (%)			31%	25%
Number of applicable properties			83/420	25/349
Proportion of estimated data			0%	0%
Total non-hazardous waste (tonnes)	306-2	Waste-Abs	3,674	1,840
Total hazardous waste (tonnes)	306-2		0	0
of which recycled, re-used or composted waste i.e. (%)	306-2	Waste-Abs	434	868
of which incinerated (including with energy recovery)	306-2	Waste-Abs	NC	NC
of which landfill	306-2	Waste-Abs	NC	NC
of which other disposal methods	306-2	Waste-Abs	NC	NC
Rate of selective collection			100%	100%
Total extrapolated production of waste (t)			0	0
Waste production – Like-for-like (LfL)				
Reporting scope coverage by surface area (m ²)			174,325	
Reporting scope coverage by surface area (%)			12%	
Number of applicable properties			6/327	
Proportion of estimated data			0%	
Rate of selective collection			100%	100%
Total waste (tonnes)	306-2	Waste-LfL	318	270
Total hazardous waste (tonnes)	306-2	Waste-LfL	0	0
of which recycled, re-used or composted waste i.e. (%)			0	0
of which incinerated (including with energy recovery)			0%	0%
of which landfill			NC	NC
of which other disposal methods			NC	NC
CHANGE IN TOTAL WASTE PRODUCTION 2019/2018				-15.1%

(1) Beta Aqueduct 2019 – Baseline Water Stress country ranking – <https://wri.org/applications/aqueduct/country-rankings/>

2.7.1.6. Headquarters Buildings

Since 2017, the reporting of Covivio's headquarters covers its sites of Paris and Metz in France, Oberhausen and Berlin in Germany, and Milan and Rome in Italy.

■ Type and number of sustainably certified assets (Cert-Tot)

57% (in number), i.e. four of Covivio's eight major sites in Europe are certified. The three buildings occupied by Covivio in France are certified: HQE for Divo in Metz and BREEAM In-Use for 10 and 30 Kleber in Paris. Covivio's Milan headquarters is also labelled BRaVe BB (2.3.1.4).

■ Energy – Direct and indirect energy consumption by source and energy intensity ratio for “corporate” buildings occupied by Covivio (operational control scope)

Consumption data is based on invoices obtained from property management or energy suppliers.

	GRI Standards	EPRA BPRs	2018	2019
Reporting scope coverage by surface area (m ²)			26,523	25,060
Reporting scope coverage by surface area (%)			100%	99%
Number of applicable properties			8/8	6/7
Proportion of estimated data			0%	0%
Intensity (kWhfe/m²/year)	CRE1	Energy-Int	157	162
Intensity (kWhpe/m²/year)			256	263
Total direct energy (kWhfe)	302-1	Fuel-Abs	523,523	570,588
Natural gas (direct energy) – non-renewable source	302-1	Fuel-Abs	523,523	570,588
Natural gas (direct energy) – renewable source			0	0
Fuel oil (direct energy)	302-1	Fuel-Abs	0	0
Wood (direct energy)	302-1	Fuel-Abs	0	0
Total indirect energy (kWhfe)	302-1	Elec-Abs	3,618,839	3,483,518
Electricity (indirect energy) – non-renewable source	302-1	Elec-Abs	1,545,680	1,451,523
Electricity (indirect energy) – renewable source			692,651	559,837
Renewable energy production	302-1	Elec-Abs	16,815	15,732
of which solar			16,815	15,732
District heating and cooling (indirect energy)	302-1	DH&C-Abs	1,397,323	1,487,891
Total energy consumption (kWhfe)			4,142,362	4,054,105
Total energy (GJ)			14,913	14,595
Total energy consumption (kWhpe)			6,786,631	6,580,265
Estimated consumption for vacant space (kWhpe)			0	0
Estimated consumption in occupied areas for which data is not available (kWhpe)			0	75,476
Total measured + extrapolated energy consumption (kWhpe)			6,786,631	6,655,742

Total consumption (Abs)					Like-for-Like (Lfl)			
		2018	2019		2018	2019		
Reporting scope coverage by surface area (m²)	EPRA BPRs	26,523	25,060		EPRA BPRs	25,060		
Reporting scope coverage by surface area (%)		100%	99%			99%		
Number of applicable properties		8/8	6/7			6/7		
Proportion of estimated data		0%	0%			0%		
Managed and paid by the Tenant				Variation	Variation			
Total Electricity (kWh)	Elec-Abs	2,238,331	2,011,359	-10.1%	Elec-Lfl	1,544,535	1,451,523	-6.0%
of which on a tenant submeter		0	0			0	0	
of which shared services		2,238,331	2,011,359	-10.1%		1,544,535	1,451,523	-6.0%
Total district heating and cooling (kWh)	DH&C-Abs	1,397,323	1,487,891	6.5%	DH&C-Lfl	1,387,878	1,487,891	7.2%
of which on a tenant submeter		0	0			0	0	
of which shared services		1,397,323	1,487,891	6.5%		1,387,878	1,487,891	7.2%
Total Gas-fuel oil-wood (kWh)	Fuel-Abs	523,523	570,588	9.0%	Fuel-Lfl	464,271	570,588	22.9%
of which on a tenant submeter		0	0			0	0	
of which shared services		523,523	570,588	9.0%		464,271	570,588	22.9%
INTENSITY (kWhfe/m²/year)						160.1	162.4	1.4%

■ Carbon – Total direct or indirect GHG emissions and carbon intensity ratio for “corporate” buildings (operational control scope)

						Like-for-Like (Lfl)		
		GRI Standards	EPRA BPRs	2018	2019		2018	2019
Reporting scope coverage by surface area (m ²)				26,523	25,060		25,060	
Reporting scope coverage by surface area (%)				100%	99%		99%	
Number of applicable properties				8/8	6/7		6/7	
Proportion of estimated data				0%	0%	Variation	0%	Variation
Carbon intensity (kgCO₂e/m²/year)	305-4	GHG-Int	33.4	33.4	-0.1%		33.2	33.4
GHG Protocol						EPRA BPRs		
Scope 1 – Total direct emissions (tCO ₂ e)	305-1	GHG-Dir-Abs	116	103	-11%	GHG-Dir-Lfl	84	103
Scope 2 – Total indirect emissions (tCO ₂ e)	305-2	GHG-Indir-Abs	771	734	-5%	GHG-Indir-Lfl	748	734
Scope 3 – Other emissions (tCO ₂ e)		GHG-Indir-Abs	0	0		GHG-Indir-Lfl	0	0
Total emissions (tCO₂e/yea_l)			887	837*			832	837
CHANGE IN CARBON EMISSIONS 2019/2018				-5.7%			0.6%	

* This data takes into account the low level of emissions associated with green electricity contracts. With coefficients that do not take this into account, the total emissions of the assets would amount to 1,022 tCO₂e, with a carbon intensity of 40.8 kgCO₂e/m²/year.

Water – Total water consumption and water intensity ratio for “corporate” buildings (operational control scope)

Water used in the portfolio comes from a single source: municipal water supplies. Water supply companies do not always invoice based on meter readings and regularly use consumption estimates, which could have an impact on their monitoring.

Total water consumption (Abs)	GRI Standards	EPRA BPRs	2018	2019
Reporting scope coverage by surface area (m ²)			23,482	25,348
Reporting scope coverage by surface area (%)			89%	100%
Number of applicable properties			7/8	7/7
Water intensity (m³/m²/year)	CRE2	Water-Int	0.27	0.25
Total water consumption (m³)	303-1	Water-Abs	6,304	6,400
Estimated water consumption in vacant space (m ³)			0	0
Estimated consumption in occupied areas for which data is not available (m ³)			817	0
Total extrapolated water consumption (m ³)			7,120	6,400
Water consumption – Like-for-like (LfL)				
Reporting scope coverage by surface area (m ²)			22,306	
Reporting scope coverage by surface area (%)			88%	
Number of applicable properties			6/7	
Proportion of estimated data			0%	
Water intensity (m³/m²/year)			0.23	0.25
Like-for-like water consumption (m ³)	303-1	Water-LfL	4,881	5,637
CHANGE IN WATER CONSUMPTION INTENSITY 2019/2018				15.5%

Waste – Total mass of waste in tonnes by type and disposal method for the “corporate” buildings (operational control scope)

The tonnage of waste produced by the three French assets is monitored monthly. Paper and cardboard (which are 100% recycled) are reported in a separate category.

Total waste production (Abs)	GRI Standards	EPRA BPRs	2018	2019
Reporting scope coverage by surface area (m ²)			24,353	25,348
Reporting scope coverage by surface area (%)			92%	100%
Number of applicable properties			7/8	7/7
Proportion of estimated data			0%	0%
Total waste (tonnes)	306-2	Waste-Abs	297	461
Total Hazardous waste (tonnes)			0	0
of which recycled, re-used or composted waste	306-2	Waste-Abs	147	99
i.e. (%)	306-2		50%	22%
Rate of selective collection			100%	100%
Total extrapolated production of waste (t)			323	461
Waste production – Like-for-like (LfL)				
Reporting scope coverage by surface area (m ²)			12,408	
Reporting scope coverage by surface area (%)			49%	
Number of applicable properties			5/7	
Proportion of estimated data			0%	
Rate of selective collection			100%	100%
Total waste (tonnes)	306-2	Waste-LfL	163	186
Total Hazardous waste (tonnes)				
of which recycled, re-used or composted waste			94	99
i.e. (%)			58%	53%
CHANGE IN TOTAL WASTE PRODUCTION 2019/2018				14.1%

2.7.2. Social indicators

2.7.2.1. UES Covivio

	GRI Standards	2017	2018	2019
NUMBER OF EMPLOYEES		282	301	317
		Total (including CAPs)	282	301
Total workforce broken down by gender		Men	41.8%	41.5%
		Women	58.2%	58.5%
				41.6%
Total workforce by type of employment contract broken down by gender		Open-ended	92.9%	91.7%
		Men	43.5%	43.1%
		Women	56.5%	56.9%
				57.1%
		Fixed-term	2.1%	2.0%
		Men	0.0%	33.3%
		Women	100.0%	66.7%
				75.0%
		CAPs (Apprenticeship contracts)	5.0%	6.3%
		Men	28.6%	21.1%
Total workforce by type of job broken down by gender		Women	71.4%	78.9%
				69.2%
		Full time	92.9%	93.0%
		Men	43.9%	43.9%
		Women	56.1%	56.1%
				55.8%
Distribution of workforce by geographic area and broken down by gender		Part time	7.1%	7.0%
		Men	15.0%	9.5%
		Women	85.0%	90.5%
				88.0%
		Greater Paris	73.0%	73.4%
		Men	41.3%	40.3%
		Women	57.8%	59.7%
				58.9%
		Metz	22.0%	19.9%
		Men	43.5%	43.3%
Breakdown of workforce by professional category		Women	56.5%	56.7%
				57.4%
		Regional offices	5.7%	6.6%
		Men	37.5%	50%
		Women	62.5%	50%
				55.0%
		Managers	81.2%	80.4%
		Men	45.4%	46%
		Women	54.6%	54%
				54.3%
Breakdown of managerial staff		Supervisors	12.1%	11.6%
		Men	24%	20%
		Women	77%	80%
				81.8%
		Employees	6.7%	8.0%
		Men	32%	25%
Breakdown of workforce by age group		Women	68%	75%
				66.7%
		Male managers	51.5%	50.8%
		Female managers	48.5%	49.2%
		Age < 30	18.4%	19.9%
		30-50 years old	57.1%	56.5%
		Age > 50	24.5%	23.6%

	GRI Standards	2017	2018	2019	
Turnover of M/F personnel	401-1	Total permanent contract departures	21	24	17
		Turnover rate of open-ended contract departures	7.7%	9.2%	6.2%
		Men	4.1%	5.3%	2.2%
		Women	3.7%	3.8%	4.0%
Turnover by age group		Age < 30	0.8%	1.5%	0.7%
		30–50 years old	5.7%	6.5%	4.3%
		Age > 50	1.2%	1.1%	1.1%
Turnover by geographic area		Greater Paris	7%	8.8%	5.8%
		Metz	0%	0%	0.4%
		Regional offices	1%	0.4%	0.0%
Turnover rate of less than two years		Turnover rate related to permanent contract departures of less than two years	11%	13.5%	8.1%
Level of incoming staff by contract type		Total joiners (first contract to staff excluding replacement caretaker staff)	60	70	65
		Total number of recruits on permanent contracts	36	39	28
		Of which conversion to permanent contract	6	2	6
		Youth Policy (summer jobs or apprentices)	18	25	32
		Medium fixed-term and temporary replacement contracts	6	6	5
Average number of hours of training per employee by gender and professional category		404-1	Per employee	17.9	21
	Per man		17.2	19	15
	Per woman		18.4	22	15
	Per manager		18.6	22	16
	Per supervisor		14.8	18	13
	Per employee		9.6	4.0	5
Percentage of employees receiving regular performance and career development reviews, by gender	404-3	TOTAL	99%	100%	99%
		Per man	42%	43%	43%
		Per woman	58%	57%	56%
Absenteeism rate by gender	403-2	TOTAL	4.1%	2.5%	2.5%
		Men	2.3%	2.1%	2.1%
		Women	5.6%	2.8%	2.8%
Work accident rate by geographic area and by gender		TOTAL	0.79%	1.05%	0.98%
		Frequency rate	4.90	6.50	6.10
		Severity rate	0.04	0.04	0.08
		Men	0%	0%	0%
		Women	0.79%	1.05%	0.98%
		Greater Paris	0.39%	1.05%	0.98%
		Metz	0.4%	0%	0.0%
		Regional offices	0%	0%	0.0%
Occupational illness rate by geographic area and by gender		TOTAL	0%	0%	0%
Percentage of all employees covered by collective agreements		102-41	%	100%	100%

	GRI Standards		2017	2018	2019
Ratio between the base salary and remuneration for women compared with the ratio for men, by professional category and by main operating sites	405-2	Base salary for women (average) (excluding vocational training certificate contracts (CAP) and suspension)	€53,815	€55,313	€56,171
		Base salary for men (average) (excluding vocational training certificate contracts (CAP) and suspension)	€67,242	€66,580	€67,706
		F/M ratio (excluding vocational training certificate contracts and suspension of contract)	0.80	0.83	0.83
		Base salary, female managers	€58,983	€60,732	€61,014
		Base salary, male managers	€70,439	€69,139	€69,958
		F/M ratio, managers	0.84	0.88	0.87
		Average base salary, female supervisors	€32,335	€33,362	€33,693
		Average base salary, male supervisors	€35,649	€36,703	€37,234
		F/M ratio, supervisors	0.91	0.91	0.90
		Base salary, female office staff	€26,361	€27,158	€27,846
		Base salary, male office staff	€27,330	€27,835	€28,535
		F/M ratio, office staff	0.96	0.98	0.98
Return to work and retention rates after parental leave, by gender	401-3	Number of employees with right to parental leave (with children younger than 3 years)	15%	14%	11%
		Women	8%	13%	7%
		Men	7%	15%	4%
		Employees who took parental leave (part-time or full-time)	10%	21%	31%
		Women	100%	100%	100%
		Men	0%	0%	0%
		Employees who returned to work after parental leave (for full-time departures only)	100%	100%	100%
		Women	100%	100%	100%
		Men	N/A	N/A	N/A
		Employees who returned to work after parental leave (full-time departures only) and are still employed 12 months later	100%	100%	100%
		Women	100%	100%	100%
		Men	N/A	N/A	N/A
Percentage of total workforce represented in mixed Management-Employee health and safety committees, monitoring and submitting opinions on the health and safety programme	403-1		100%	100%	100%
Percentage of employees having received training	Covivio indicator		95%	78%	73%
Total Payroll dedicated to training	Covivio indicator		3.95%	3.71%	4%
Internal mobility	Covivio indicator		10	15	9
Loans to personnel (% of employees who took out loans compared to total staff)	Covivio indicator		1.1%	0.3%	0.9%
Works Council subsidies (% of payroll)	Covivio indicator		2%	2%	2%

2.7.2.2. Italy Offices

GRI Standards		2017	2018	2019	
NUMBER OF EMPLOYEES		TOTAL	148	150	157
Total workforce broken down by gender		Total (including CAPs)	148	150	157
		Men	52%	45.3%	52.9%
		Women	48%	54.7%	47.1%
Total workforce by type of employment contract broken down by gender		Open-ended	88.5%	88%	93%
		Men	54.2%	56.8%	55.5%
		Women	45.8%	43.2%	44.5%
		Fixed-term	10.1%	11.3%	6.4%
		Men	33.3%	41.2%	20%
		Women	66.7%	58.8%	80%
		CAPS	1.4%	0.7%	0.6%
		Men	50%	0%	0%
		Women	50%	100%	100%
		Total workforce broken down by geographic area	102-8	Rome	66.2%
Men	NC			49.5%	48%
Women	NC			50.5%	52%
Milan	33.1%			35.3%	36.3%
Men	NC			64.2%	61.4%
Women	NC			35.8%	38.6%
Other Italian cities	N/A			1.3%	1.3%
Men	N/A			50%	50%
Women	N/A			50%	50%
Total workforce by type of job broken down by gender				Full time	95.9%
		Men	54.2%	56.9%	55.3%
		Women	45.8%	43.1%	44.7%
		Part time	4.1%	4%	4.5%
		Men	0%	0%	0%
		Women	100%	100%	100%
Total workforce by professional category divided by gender		Managers	20.9%	8%	8.9%
		Men	61.3%	58.3%	57.1%
		Women	38.7%	41.7%	42.9%
		Non Managers	79.1%	92%	91.1%
		Men	49.6%	54.3%	52.4%
		Women	50.4%	45.7%	47.6%
Breakdown of total workforce by age group		Age < 30	6.1%	5.3%	5.1%
		30-50 years old	78.4%	78.7%	79%
		Age > 50	15.5%	16%	15.9%

		GRI Standards	2017	2018	2019
Employee turnover by gender, type of employment contract and age	401-1	Total departures	14	16	12
		of which fixed-term contracts	NC	18.8%	25%
		Turnover of open-ended contracts	9.5%	99%	6.8%
		Men	14.3%	8.5%	8%
		Women	4.2%	11.7%	5.3%
		Age < 30	0%	25%	0%
		30-50 years old	9.5%	9.7%	6.8%
		Age > 50	13.0%	4.5%	0%
Level of incoming staff by gender, type of employment contract and age	401-1	Total joiners	14	18	22
		of which fixed-term contracts	NC	38.9%	40.9%
		Total recruits on permanent contracts	9.5%	8.4%	9.8%
		Men	7.8%	99%	12%
		Women	11.3%	6.7%	7%
		Age < 30	22.2%	0%	50%
		30-50 years old	10.3%	10.7%	9.6%
		Age > 50	0%	0%	0%
Average number of hours of training per employee by gender and professional category	404-1	TOTAL	13.9	8.5	35
		Men	15.5	19.0	36,6
		Women	11.4	15.0	33,3
		Managers	8.8	36.0	22,2
		Non Managers	16.5	8.0	35,6
Percentage of employees receiving an annual performance and career development review, by gender	404-3	TOTAL	97.0%	97.5%	75%
		Men	N/C	96.5%	75,9%
		Women	N/C	98.5%	74%
Absenteeism rate	403-2	TOTAL	2.0%	1.7%	2.9%
Occupational illness rate		TOTAL	0%	0%	0%
Work accident rate by gender		TOTAL	2.7%	2%	0.7%
		Men	2%	4.4%	1.2%
		Women	0.7%	0%	0%
		Frequency rate	18.13	6.81	3.96
Severity rate		0.03	0.02	0.07	
Percentage of people covered by Collective bargaining agreements	102-41	TOTAL	100%	100%	100%
Ratio between the base salary and remuneration for women compared with the ratio for men, by professional category	405-2	Base salary for women (average) (excluding vocational training certificate contracts (CAPs) and suspension)	€42,252	€43,876	€42,826
		Base salary for men (average) (excluding vocational training certificate contracts (CAPs) and suspension)	€50,792	€54,841	€54,264
		F/M ratio (excluding vocational training certificate contracts and suspension of contract)	0.83	0.80	0,79
		Base salary, female managers	€78,095	€125,914	€122,315
		Base salary, male managers	€79,444	€131,250	€121,922
		F/M ratio, managers	0.98	0.96	1,00
		Base salary for female non-managers	€35,638	€37,379	€35,707
		Base salary, male non-managers	€42,166	€47,526	€47,047
		F/M non-manager ratio	0.85	0.79	0,76



	GRI Standards		2017	2018	2019
Percentage of total workforce represented in mixed Management-Employee health and safety committees, monitoring and submitting opinions on the health and safety programme	403-1	TOTAL	100%	100%	100%
Total Payroll dedicated to training	Covivio indicator	TOTAL	NC	NC	NC
Training level	Covivio indicator	TOTAL	45%	45.3%	69%
Internal mobility (within a corporate entity)	Covivio indicator	TOTAL	23	5	8
Loans to personnel (% of employees who took out loans compared to total staff)	Covivio indicator	TOTAL	0.7%	0%	0%
Works Council subsidies (% of payroll)	Covivio indicator	TOTAL	NC	NC	NC

2.7.2.3. Germany Residential

	GRI Standards	2017	2018	2019	
Total workforce broken down by gender	102-8	Total (including CAPs)	416	471	520
		Men	51%	51.4%	51.9%
		Women	49%	48.6%	48.1%
Total workforce by type of employment contract broken down by gender		Open-ended	83.9%	88.7%	90.4%
		Men	51.9%	52.4%	53%
		Women	48.1%	47.6%	47%
		Fixed-term	13.7%	9.1%	7.1%
		Men	45.6%	39.5%	40.5%
		Women	54.4%	60.5%	59.5%
		CAPS	2.4%	2.1%	2.5%
		Men	50%	60%	46.2%
		Women	50%	40%	53.8%
		Total workforce broken down by geographic area	Oberhausen	77.2%	61.8%
Men			N/C	50.2%	51.8%
Women			N/C	49.8%	48.2%
Berlin			16.3%	27.2%	31.3%
Men			N/C	54.7%	54.6%
Women			N/C	45.3%	45.4%
Other German cities			6.5%	11%	10.4%
Men			N/C	50%	44.4%
Women			N/C	50%	55.6%
Total workforce by type of job broken down by gender			Full time	83.7%	83.7%
		Men	58.3%	58.1%	60.4%
		Women	41.7%	41.9%	39.6%
		Part time	16.3%	16.3%	20.8%
		Men	13.2%	16.9%	19.4%
		Women	86.8%	83.1%	80.6%
Total workforce by professional category divided by gender		Managers	11.5%	11.3%	11.2%
		Men	68.8%	69.8%	67.2%
		Women	31.3%	30.2%	32.8%
		Non Managers	88.5%	88.7%	88.8%
		Men	51%	51%	50%
		Women	49%	49%	50%
Breakdown of total workforce by age group		Age < 30	12%	14%	13.1%
		30-50 years old	52.4%	49.5%	51.3%
		Age > 50	35.6%	36.5%	35.6%
Employee turnover by gender, type of employment contract and age	401-1	Total departures	39	48	63
		of which fixed-term contracts	40%	39.6%	36.5%
		Turnover of open-ended contracts	8.5%	8.3%	9.6%
		Men	9.0%	8.8%	10%
		Women	7.9%	7.7%	9%
		Age < 30	8%	13.3%	10.3%
		30-50 years old	7.8%	8.8%	9.2%
		Age > 50	12.2%	7.2%	9.9%
		Total joiners	55	103	112
		of which fixed-term contracts	40%	29.1%	40.2%
		Total recruits on permanent contracts	13.9%	20.9%	16%
		Men	11.3%	26%	18.7%
		Women	9.4%	15.5%	13.1%
		Age < 30	21.4%	26%	20.5%
		30-50 years old	8.8%	19.3%	22.1%
		Age > 50	3.5%	12.2%	6.8%
		Level of incoming staff by gender, type of employment contract and age			

	GRI Standards	2017	2018	2019	
Average number of hours of training per employee by gender and professional category	404-1	TOTAL	12.8	9.8	21.4
		Men	12.3	12.3	20.7
		Women	12.9	7.2	21.9
		Managers	11.4	14.9	13.5
		Non Managers	13.0	9.6	22.3
Percentage of employees receiving an annual performance and career development review, by gender	404-3	TOTAL	35.3%	53.9%	62.3%
		Men	34.3%	55.4%	65.2%
		Women	36.3%	52.4%	62.3%
Absenteeism rate by gender		TOTAL	3.6%	3.9%	3.8%
		Men	3.3%	3.5%	3.8%
		Women	3.9%	4.3%	3.7%
Occupational illness rate	403-2				
		TOTAL	0%	0%	0%
Work accident rate by gender		TOTAL	1.9%	1.5%	1.7%
		Men	0.9%	1.7%	2%
		Women	2.9%	1.3%	1.4%
		Frequency rate	4.85	7.5	7.84
		Severity rate	0.05	0.11	0.07
Percentage of people covered by collective bargaining agreements	102-41				
Ratio between the base salary and remuneration for women compared with the ratio for men, by professional category	405-2	TOTAL	99%	98.7%	98.8%
		Base salary for women (average) (excluding vocational training certificate contracts (CAPs) and suspension)	€46,595	€48,328	€48,909
		Base salary for men (average) (excluding vocational training certificate contracts (CAPs) and suspension)	€53,884	€57,481	€57,976
		F/M ratio (excluding vocational training certificate contracts and suspension of contract)	0.86	0.84	0.84
		Base salary, female managers	€65,227	€69,031	€68,668
		Base salary, male managers	€82,704	€86,959	€88,363
		F/M ratio, managers	0.79	0.79	0.78
		Base salary for female non-managers	€45,050	€46,688	€47,187
		Base salary, male non-managers	€48,188	€51,859	€52,661
		0.93	0.90	0.90	
Return to work and retention rates after parental leave, by gender	414-2	Number of employees with right to parental leave (with children younger than 3 years)	11	16	15
		Men	1	7	5
		Women	10	9	10
		Employees who claimed their right to parental leave (full-time or part-time)	11	16	15
		Men	1	7	5
		Women	10	9	10
		Rate of return to work after parental leave (full-time only)	11	13	14
		Men	1	7	4
		Women	10	6	10
		Rate of retention following parental leave (12 months after return to work)	9	12	11
		Men	1	6	4
		Women	8	6	7
Percentage of total workforce represented in mixed Management-Employee health and safety committees, monitoring and submitting opinions on the health and safety programme	403-1	TOTAL	3.5%	3.5%	3.5%
Total Payroll dedicated to training	Indicator Covivio	TOTAL	0%	0%	5.2%

	GRI Standards		2017	2018	2019
Training level	Indicator Covivio	TOTAL	48%	88%	40.8%
Internal mobility (within a corporate entity)	Indicator Covivio	TOTAL	18	14	23
Loans to personnel (% of employees who took out loans compared to total staff)	Indicator Covivio	TOTAL	4.8%	1.7%	2.5%
Works Council subsidies (% of payroll)	Indicator Covivio	TOTAL	0.1%	0.1%	0.1%

2.7.3. Concordance table – regulatory obligations

Covivio's DPEF meets the obligations of the Decree of 9 August 2017 to implement the Order of 19 July 2017 on the publication of non-financial information, as shown in the tables below.

Topics from Article L. 225-102-1 resulting from Order no. 2017-1162 of 12 July 2017	Chapters
Respect for human rights	2.6.2
Fight against corruption	2.6.2.2
Impact of climate change activities	2.3.3.1
Societal commitments to Sustainable Development	2.4.1.
Circular economy	2.3.1.3
Combating food waste	2.3.2.5
Fight against discrimination and promotion of diversity	2.5.1.4
Collective agreements and working conditions	2.5.2.1

The provisions of the law of 23 October 2018 relating to the fight against tax evasion are taken into account in Covivio's risk review. Section 2.6.1.5. describes the policies and actions implemented to comply with the tax regulations of the countries in which Covivio operates. The list of consolidated companies is presented in Section 3.2.3.5. of this document.

Considering the nature of Covivio's business, details of which can be found in this document and more particularly in its business model (2.2.5), it appears that the implications of the French Sustainable Food Act of 30 October 2018 (combating food insecurity, respect for animal welfare and responsible, fair and sustainable food) are limited for the Company.

Topics and sub-topics arising from the decree of 9 August 2017	Compliance with decree			
	France Offices	Italy Offices	Germany Residential	Hotels in Europe
Employment				
Total workforce and breakdown of employees by gender, age and geographic area	2.7.2.1	2.7.2.2	2.7.2.3	2.7.2.1
New hires and redundancies				
Remuneration and changes in remuneration				
Organisation of work				
Organisation of working hours	2.7.2.1	2.7.2.2	2.7.2.3	2.7.2.1
Absenteeism				
Labour/management relations				
Organisation of staff communications, specifically employee information and consultation as well as negotiation procedures	2.5.2.1			
Analysis of collective labour agreements				
Health and safety				
Workplace health and safety conditions	2.5.2.2			
Analysis of workplace health and safety agreements signed with trade union organisations or employee representatives				
Workplace accidents, particularly frequency and severity, and occupational illnesses	2.7.2.1	2.7.2.2	2.7.2.3	2.7.2.1
Training policies implemented, particularly related to environmental protection	2.5.1.2			
Total number of hours of training	2.7.2.1	2.7.2.2	2.7.2.3	2.7.2.1
Diversity and equal opportunities/equal treatment				
Policy established and steps taken to promote gender equality	2.5.1.4			
Policy established and steps taken to promote hiring and integration of people with disabilities				
Policy established and steps taken to combat discrimination				
Promotion of and compliance with the provisions of the fundamental ILO conventions				
Freedom of association and the right to collective bargaining	2.5.2.1			
The elimination of discrimination with respect of employment and occupation	2.5.1.4			
The elimination of forced or compulsory labour	2.2.3.3			
The effective abolition of child labour				
General environmental policy				
Company organisation to take environmental issues into account and processes in place for environmental evaluation and certification, where applicable	2.2.5.1			
Employee environmental protection training and information	2.5.2.3.3			
Resources allocated to preventing environmental and pollution risks	2.3.3			
The amount of provisions and insurance for environmental risks, except if the nature of this information would cause serious harm to the Company in connection with on-going litigation	2.3.3.3			
Pollution and waste management				
Measures to prevent, reduce or remedy discharges into the water, air and soil that have serious environmental impacts	2.3.3.3			
Consideration of any form of pollution specific to a particular activity, especially noise and light pollution	2.3.3.3.2			
Circular economy, waste prevention and management				
Measures to prevent, recycle, reuse, and otherwise reclaim and eliminate waste	2.3.2.5			
Measures implemented to combat food waste				
Sustainable use of resources				
Water consumption and supply based on local constraints	2.3.2.4			
Consumption of raw materials and steps taken to improve efficiency of use	2.3.1.2			
Energy consumption, steps taken to improve energy efficiency and the use of renewable energy	2.3.2.2			
Land use	2.3.3.2			

Topics and sub-topics arising from the decree of 9 August 2017	Compliance with decree			
	France Offices	Italy Offices	Germany Residential	Hotels in Europe
Climate change				
Facilities emitting significant amounts of greenhouse gases		2.3.2.3		
Adaptation to climate change impacts		2.3.3.1		
Voluntary medium- and long-term GHG reduction targets and methods implemented		2.2.6		
Protection of biodiversity				
Steps taken to promote biodiversity		2.4.1.4		
Regional economic and social impact of the Company's operations/Corporate commitments to Sustainable Development				
Employment and regional/local development		2.4.1.2.1		
Local and waterfront communities		2.4.1.2.2		
Relations and quality of dialogue with these individuals or organisations/ stakeholders		2.4.1.1		
Partnership and sponsorship activities		2.4.1.3		
Sub-contracting and suppliers				
Consideration of social and environmental issues in the Company's purchasing policy		2.4.2		
Significance of sub-contracting and consideration, in relationships with sub-contractors and suppliers, of their social and environmental responsibility				
Consideration, in relationships with sub-contractors and suppliers, of their social and corporate responsibility				
Fair business practices				
Actions taken to prevent corruption		2.6.2		
Steps taken to ensure consumer health and safety		2.3.3.3		
Human Rights				
Steps taken to support human rights		2.2.3.3		

Promotion of and compliance with the provisions of the fundamental ILO conventions

ILO's aim is for every person to have access to decent and productive work in conditions of freedom, equality, safety and dignity. Covivio and its subsidiaries apply all the ILO conventions (2.6.2). In addition, the countries in which they operate their business have adopted legislation that is influenced and guided by the conventions adopted by the ILO.

2.7.4. SASB Index – Real Estate Standards

Sustainability Disclosure Topics & Accounting metrics

Topic	Accounting Metric	Category	Unit of Measure	Code	Offices / France	Offices / Italy	Residential / Germany	Hotels / Europe	Group
Energy Management	Energy consumption data coverage as a percentage of total floor area, by property subsector	Quantitative	% by floor area	IF-RE-130a.1	2.7.1.1	2.7.1.2	2.7.1.3	2.7.1.4	2.3.2.2.1
	(1) Total energy consumed by portfolio area with data coverage, (2) percentage grid electricity, and (3) percentage renewable, by property subsector	Quantitative	kWh, %	IF-RE-130a.2	2.7.1.1	2.7.1.2	2.7.1.3	2.7.1.4	2.3.2.2.1
	Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector	Quantitative	%	IF-RE-130a.3	2.7.1.1 (1)	2.7.1.2 (1)	2.7.1.3 (1)	2.7.1.4 (1)	N.C. (1)
	Percentage of eligible portfolio that (1) has an energy rating and (2) is certified to energy performance standards, by property subsector	Quantitative	% by floor area	IF-RE-130a.4	2.3.2.2.3 (2)	2.3.2.2.3 (2)	(1)2.3.2.2.3 (2)2.3.1.4.1	2.3.2.2.3 (2)	2.3.2.2.3 (2)
	Description of how building energy management considerations are integrated into property investment analysis and operational strategy	Discussion and analysis	N/A	IF-RE-130a.5	2.3.2.2	2.3.2.2	2.3.2.2	2.3.2.2	2.3.2.2
	Water withdrawal data coverage as a percentage of (1) total floor area and (2) floor area in regions with High or Extremely High Baseline Water Stress, by property subsector	Quantitative	% by floor area	IF-RE-140a.1	2.7.1.1	2.7.1.2	2.7.1.3	2.7.1.4	2.3.2.4.1
Water Management	(1) Total water withdrawn by portfolio area with data coverage and (2) percentage in regions with High or Extremely High Baseline Water stress, by property subsector	Quantitative	m3, %	IF-RE-140a.2	2.7.1.1	2.7.1.2	2.7.1.3	2.7.1.4	2.3.2.4.1
	Like-for-like percentage change in energy consumption for portfolio area with data coverage, by property subsector	Quantitative	%	IF-RE-140a.3	2.7.1.1	2.7.1.2	2.7.1.3	2.7.1.4	N.C.
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and analysis	N/A	IF-RE-140a.4	2.3.2.4	2.3.2.4	2.3.2.4	2.3.2.4	2.3.2.4
	(1) Percentage of new leases that contain a cost recovery clause for resource efficiency-related capital improvements and (2) associated leased floor area, by property subsector	Quantitative	% by floor area, m2	IF-RE-410a.1	Depending on local regulation and on the types of leases				
Management of tenant sustainability impacts	Percentage of tenants that are separately metered or submetered for (1) grid electricity consumption and (2) water withdrawals, by property subsector	Quantitative	% by floor area	IF-RE-410a.2	2.7.1.1	2.7.1.2	2.7.1.3	n.a	n.a
	Discussion of approach to measuring, incentivising, and improving sustainability impacts of tenants	Discussion and analysis	N/A	IF-RE-410a.3					2.4.3.3
	Area of properties located in 100-year flood zones, by property subsector	Quantitative	m2	IF-RE-450a.1					2.3.3.1
Climate change adaptation	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	Discussion and analysis	N/A	IF-RE-450a.2					Intro 2.3 – TCFD

Activity Metrics

Activity Metric	Category	Unit of Measure	Code	France Offices	Italy Offices	Germany Residential	Hotels in Europe	Group
Number of assets, by property subsector	Quantitative	Number	IF-RE-000.A	201	213	39,672 units	334	748 & 39,672 residential units
Leasable floor area, by property subsector	Quantitative	m²	IF-RE-000.A	1,643,487	1,537,703	2,589,544	51,034 rooms	5,770,734 m² & 51,034 rooms
Percentage of indirectly managed assets, by property subsector	Quantitative	% by floor area	IF-RE-000.C	86,6%	87,3%	0%	100%	N/A
Average occupancy rate, by property subsector	Quantitative	%	IF-RE-000.C	97.1	98.7	98.6	100	98.3

2.7.5. Cross-reference table between Covivio's materiality matrix and GRI Standards

Covivio topic	GRI topic	Scope (GRI 103-1)	Associated GRI Standards
Responsible procurement	Purchasing practices/ Environmental assessment/ Human Rights/Suppliers' employment practices	France Offices, France Corporate (Int Imp + Ext Imp) ⁽¹⁾	GRI 308-1 – Percentage of new suppliers that were screened using environmental criteria – see Section 2.4.2. GRI 414-1 – Percentage of new suppliers that were screened using social criteria – see Section 2.4.2
Biodiversity	Biodiversity	All portfolios (Int Imp + Ext Imp)	GRI 304-1 – Habitats protected or restored. GRI 304-2/GRI 304-3/GRI 304-4 – see Section 2.4.1.4
Climate change	Emissions	All portfolios (Int Imp + Ext Imp)	GRI 305-1 – Direct GHG emissions (Scope 1). GRI 305-2/GRI 305-5/GRI 305-7 – see GHG section for each business activity, Section 2.7.1
Skills and Talent	Employment Training/education	UES Covivio, Italy Offices, Covivio Immobilien (Int Imp)	GRI 404-1 – Average hours of training per year per employee by gender and by professional category GRI 404-2/GRI 404-3 – see Section 2.7.2
Waste	Effluents and waste	All portfolios (Int Imp + Ext Imp)	GRI 306-2 – Total mass of waste by type and disposal method – see Waste data for each business provided in Section 2.7.1
Local development	Indirect economic impact	France Offices (Ext Imp)	GRI 203-1 – Development and impact of investments in infrastructure and support for services – see Section 2.4.1.2
Digital	Outside GRI Standards	All portfolios	Section 2.7.3
Diversity/Equality	Diversity and equal opportunity	UES Covivio, Italy Offices, Covivio Immobilien, (Imp Int)	GRI 401-1 – Total number and percentage of new employee hires and employee turnover by age group, gender and geographic area. GRI 401-3/GRI 402-1/GRI 403-1/GRI 405-2 – see Section 2.7.2.
	Equal remuneration for men and women		
	Labour/management relations		
Human Rights	Non-discrimination	UES Covivio, Italy Offices, Covivio Immobilien, (Imp Int + Imp Ext)	GRI 406-1 – Total number of incidents of discrimination and corrective actions taken – see Section 2.5.1.4. GRI 412-1/GRI 409-1/GRI 414-1
Water	Water	All portfolios (Int Imp + Ext Imp)	GRI 303-1 – Total water withdrawal by source. CRE-2 – Water intensity of buildings in operation – see Water data for each business provided in Section 2.7.1
Energy	Energy	All portfolios (Int Imp + Ext Imp)	GRI 302-1 – Energy consumption within the organisation, CRE1 – see Energy data for each business provided in Section 2.7.1 of GRI 302-3
Risk management	Consumer health and safety	All portfolios (Int Imp + Ext Imp)	GRI 416-2 – Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during the life cycle, by type of outcome – CRE-5 – Land and other assets remediated and in need of remediation in order for operations to be legally permitted. – see Section 2.3.3.3
Governance/Ethics	General information	Covivio (Int Imp)	GRI 102-18 – Governance structure of the organisation – see Section 2.6.1.1. GRI 205-2 – Communication and training on anticorruption policies and procedures – see Section 2.6.2.1
	Ethics and integrity/ Combatting corruption/ Compliance		GRI 102-16 – Organisation's values, principles, standards and norms of behaviour – see Section 2.6.2.2
Mobility	Outside GRI Standards	All portfolios	Section 2.4.1.5.2
New services	Outside GRI Standards	All portfolios	Section 2.3.1.2
Tenant partnership	Outside GRI Standards	All portfolios (Int Imp + Ext Imp)	Section 2.4.3.1

Covivio topic	GRI topic	Scope (GRI 103-1)	Associated GRI Standards
Philanthropy and sponsorship	Outside GRI Standards	All portfolios (Int Imp + Ext Imp)	Section 2.4.1.3.2
Health/Safety/Comfort	Consumer health and safety	All portfolios (Int Imp + Ext Imp)	GRI 416-2 – Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during the life cycle, by type of outcome – see Section 2.3.3.3
Sustainable value	Outside GRI Standards	All portfolios (Int Imp + Ext Imp)	Section 2.2.2.2
Sustainable inclusive city	Indirect economic impact	All portfolios (Int Imp + Ext Imp)	GRI 203-1 – Development and impact of investments in infrastructure and support for services – see Section 2.4.1.2 CRE7 – Number of people voluntarily or involuntarily displaced and/or rehoused due to development, by project

(1) Int Imp = Internal Impact/Ext Imp = External Impact.

2.8. VERIFICATION OF AN INDEPENDENT THIRD-PARTY

2.8.1. Verification of corporate, environmental and societal information

Financial year ending 31 December 2018

Independent third party's report on consolidated non-financial statement presented in the management report

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the General Assembly,

In our quality as an independent verifier, accredited by the COFRAC under the number n° 3-1681 (scope of accreditation available on the website www.cofrac.fr), and as a member of the network of one of the statutory auditors of your company (hereafter "entity"), we present our report on the consolidated non-financial statement established for the year ended 31 December 2019 (hereafter referred to as the "Statement"), included in the management report pursuant to the requirements of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

The entity's responsibility

The Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement and available on request from the entity's head office.

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225 105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

Nature and scope of the work

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225 102 1 III as well as information regarding compliance with human rights and anti corruption and tax avoidance legislation;
- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to
 - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
 - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; concerning certain risks (environmental security and regulatory compliance, quality of stakeholder relations, data protection and smart building, asset obsolescence and green value) our work was carried out on the consolidating entity, for the others risks, our work was carried out on the consolidating entity and on a selection of entities : Covivio Italie and Bureaux France ;
- we verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code ;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1 , we implemented:
 - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
 - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities: Bureaux France and Covivio Italie and covers between 15% and 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests (48% of the workforce, 30% of final energy consumption);
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our verification work mobilized the skills of five people and took place between September 2019 and March 2020 on a total duration of intervention of about 11 weeks.

We conducted five interviews with the persons responsible for the preparation of the Statement including in particular the Operations Management, Environment, Sustainable Development and Information Systems.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Paris-La Défense, the 13th March 2020

French original signed by Independent Verifier

ERNST & YOUNG et Associés

Jean-François Bélorgey

Partner

Éric Duvaud

Partner, Sustainable Development

■ Appendix 1 : The most important information

Social Information

Quantitative Information (including key performance indicators)	Qualitative Information (actions or results)
Total workforce by type of employment contract	Employee skills development
Formation rate	Attracting and retaining talent
Average number of training hours per trained employee	Commitments to diversity and equality
Turnover	
Share of employees on permanent contracts	
Number of internal mobilities	
Percentage of employees receiving an annual performance and development review	
Ratio of basic salary and remuneration of women to men	

Environmental Information

Quantitative Information (including key performance indicators)	Qualitative Information (actions or results)
Rate of greening of assets (Bureaux France Core, Bureaux Italie, Résidentiel Allemagne, Hôtels Europe)	Environmental safety and regulatory compliance
Energy intensity (kWh/m ² /year and kWh/m ² /year) of the portfolio	Asset obsolescence and green value
Carbon intensity (kgCO ₂ /m ² /year) of the portfolio	Controlling operating expenses
Water intensity (m ³ /m ² /year) of the portfolio	
Percentage of sites benefiting from selective collection	
Total amount of waste	
Proportion of tertiary assets benefiting from health and safety monitoring and controls	
The rate of energy performance diagnostics carried out (Bureaux France Core, Bureaux Italie, Résidentiel Allemagne, Hôtels France)	

Societal Information

Quantitative Information (including key performance indicators)	Qualitative Information (actions or results)
Accessibility of public transport	Quality of the relationship with stakeholders
Vacancy and lease occupancy rates	Data protection and smart building
Number of suppliers who have signed the new version of the Responsible Purchasing Charter and responded to the CSR questionnaire.	Integration in the sustainable city
The number of solicitations of ethics officers	Sustainable procurement

2.8.2. Verification of an independent third-party – Green Bond

Financial year ending 31 December 2019

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and applicable regulations in France.

Independent report of one of the statutory auditors on compliance with environmental and social criteria for selection and monitoring of assets eligible for Green Bonds and the allocation of funds raised under these obligations

To Mr. Christophe Kullmann, Chief Executive Officer,

In our capacity as statutory auditor of the company, we hereby present our report on environmental and social criteria for selection and monitoring processes, defined in the "Use of Proceeds"⁽¹⁾ requirements of Green Bonds "Selection and Monitoring Criteria" for the assets selected for Green Bonds in effect on December 31st, 2019.

Responsibility of the company

It is the responsibility of the Company's Chairman to establish the Selection and Monitoring Criteria and ensure their implementation.

Independence and quality control

Our independence is defined by regulatory requirements and the Code of Ethics of our profession and the conditions laid down by Article L. 822-11-3 of the French Commercial Code. In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards and applicable laws and regulations.

Responsibility of the Statutory Auditor

It is our role, based on our work to:

- express a reasonable assurance as to whether the assets selected for Green Bonds in effect on December 31st, 2019 comply, in all material aspects, with the Selection and Monitoring Criteria (reasonable assurance report).
- attest to the allocation of funds raised under Green Bonds to the selected assets and attest to the concordance of funds allocated to these assets with the amount in the accounts.

We conducted the work described below in accordance with the international standard ISAE 3000 (International Standard on Assurance Engagements) and the professional doctrine of the French *Compagnie Nationale des Commissaires aux Comptes* in relation to this intervention. We called, to assist us in performing our work, on our experts in sustainable development, under the responsibility of Mr. Eric Duvaud, Partner.

1. Reasonable assurance report on environmental and social criteria for selection and monitoring

Nature and scope of work

In order to be able to express our conclusion, we undertook the following work, between October 2019 and March 2020:

- We assessed the suitability of the Selection and Monitoring Criteria regarding their relevance, completeness, clarity, neutrality and reliability, taking into consideration the Green Bonds Principles⁽²⁾.
- We undertook interviews at the main office of the Company in order to understand selection and monitoring procedures and to verify the compliance with Selection and Monitoring Criteria, based on the documentary evidence available at the company main office relating to the assets monitored in the framework of bonds issued during the previous financial years (Fontenay le Floria, Metz Le Divo, Vélizy Hélios (formerly named New-Vélizy), Vélizy Europe, Paris Passy Steel, Nanterre Respiro, Issy-les-Moulineaux Edo, Levallois Thaïs, Nancy O'origin, Toulouse Riverside, Bordeaux Quai 8.2 E, Montrouge Flow).
- We undertook interviews at the main office of the Company in order to understand selection and monitoring procedures and to verify the compliance with Selection and Monitoring Criteria, based on the documentary evidence available at the company main office relating to the assets selected for the year 2019 (Lyon Silex 2, Paris Jean Goujon, Châtillon IRO, Milan The Sign).
- We have conducted a site visit of three qualified assets (Fontenay le Floria, Issy-les-Moulineaux Edo, Levallois Thaïs) in order to verify the compliance with the Selection and Monitoring Criteria, in particular for the operational phase.

Information or explanations on the Selection and Monitoring Criteria

- The Selection and Monitoring Criteria only cover environmental and social aspects of eligible assets and exclude their economic aspects. These Criteria are the minimum requirements to be met by eligible assets in order to be considered as Green Bonds. They are related to construction and operating phases and the monitoring of assets. The company also publishes the justification or the confirmation of the compliance with each criterion for the selected assets in the chapter 2.3 of Covivio's Universal Registration Document.

(1) May 2016 "Roadshow Green Bond 2016" press release available in English on the selected criteria and reporting for Green Bonds at <https://www.covivio.eu/app/uploads/2019/01/6-Covivio-Green-Bond-mai-2016-Prospectus.pdf>.
September 2019 "Green Bond Framework" press release available in English on the Eligible Green Projects and reporting for Green Bonds at <https://www.covivio.eu/app/uploads/2019/04/Covivio-Green-Bond-Framework-2019.pdf>

(2) The Green Bond Principles (updated version of June 2018) are available on the website of the ICMA (International Capital Market Association) <http://www.icmagroup.org>



- For the operating phase, part of the criteria cannot be applied and verified before one or several years of operation. For assets still under construction or recently delivered (Montrouge Flow, Lyon Silex 2, Paris Jean Goujon, Châtillon IRO, Milan the Sign), the expected dates of compliance with these criteria are specified in the detailed table by asset in the chapter 2.3 of Covivio's Universal Registration Document.

Conclusion

In our opinion, the assets selected for Green Bonds in effect on December 31st, 2019 comply, in all material aspects, with the Selection and Monitoring Criteria.

2. Attestation on funds allocation

It is also our responsibility to express our conclusion on the funds allocated to the assets that were selected and on the consistency between the amount of funds allocated to these assets within the framework of the Green Bonds issuance and the accounting records and their underlying data.

However, it is not our responsibility to express a conclusion on the use of the funds allocated to the eligible assets following their allocation.

In our capacity as statutory auditor of Covivio, we conducted jointly with Mazars, the co-statutory auditor, the audit of the consolidated financial statements of the company for the year ended 31 December 2019. Our audit, conducted in accordance with the professional standards applicable in France, aimed at expressing an opinion on the consolidated financial statements considered globally and not on specific elements of these statements used to establish this information. Therefore, we did not perform any audit tests or sampling to this purpose and we do not express any opinion on these isolated elements.

Moreover, we did not perform any work to identify, if relevant, the events that took place after the issuance of our report on the consolidated accounts of Covivio, February the 27th 2020. Our intervention, which is neither an audit nor a limited review, was performed in accordance with the professional doctrine of the French Compagnie Nationale des Commissaires aux Comptes in relation to this intervention, in order to:

- understand the procedures that the company put in place so as to determine the information provided in chapter 2.3 of Covivio's 2019 Universal Registration Document;
- verify that the amounts allocated to the selected assets match the Green Bond Issuance of May 2016 of M€500 and the Green Bond Issuance of September 2019 of M€500. The asset Saint-Denis Green Corner, selected since 2016 as part of the "Green Bonds" process, was sold during the 2019 fiscal year. The funds initially allocated to this asset were reallocated to other eligible assets (Bordeaux Quai 8.2 E and Montrouge Flow);
- verify the consistency between the information provided in the introduction of chapter 2.3 of Covivio's Universal Registration Document for the year ended 31 December 2019 and the data from the consolidated financial statements of the company for the same year.

Based on our work, in the context of the Green Bonds issuance, we have nothing to report with regard to the allocation of the funds to the assets selected or to the consistency of the amount of funds allocated during the year 2019 to these eligible assets with the accounting records and underlying data.

Paris-La Défense, the March 13th, 2020,

One of the Statutory Auditors

ERNST & YOUNG et Autres

Anne Herbein

Partner

Éric Duvaud

Partner, Sustainable Development

FINANCIAL INFORMATION



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3.1. CONSOLIDATED ACCOUNTS AS AT 31 DECEMBER 2019

3.1.1. Statement of financial position

■ Assets

(€K)	Note 3.2.5	31/12/2019	31/12/2018
Intangible assets	1.2		
Goodwill		143,286	113,064
Other intangible fixed assets		23,471	59,138
Tangible fixed assets	1.2		
Operating properties		1,409,707	1,181,280
Other tangible fixed assets		41,855	35,443
Fixed assets in progress		37,880	24,952
Investment properties	1.3	20,837,882	20,139,338
Non-current financial assets	2.2	259,060	152,847
Investments in equity affiliates	3.2	374,316	249,746
Deferred tax assets	4	61,932	67,965
Long-term derivatives	11.5	51,381	28,752
Total non-current assets		23,240,770	22,052,526
Assets held for sale	1.3	324,292	558,848
Loans and receivables	5	27,752	6,469
Inventories and work-in-progress	6.2	232,548	95,811
Short-term derivatives	11.5	26,105	18,200
Trade receivables	7	376,730	313,212
Tax receivables		9,195	8,423
Other receivables	8	175,316	153,872
Prepaid expenses		4,970	4,393
Cash and cash equivalents	9	1,302,084	1,172,450
Total current assets		2,478,992	2,331,676
TOTAL ASSETS		25,719,762	24,384,202

Liabilities

(€K)	Note 3.2.5	31/12/2019	31/12/2018
Capital		261,660	248,709
Share premium account		3,882,299	3,553,687
Treasury shares		-15,255	-18,628
Consolidated reserves		3,421,954	3,028,104
Net income		746,987	749,574
Total group's shareholders' equity	10	8,297,645	7,561,446
Non-controlling interests		4,060,698	3,796,969
Total shareholders' equity		12,358,343	11,358,414
Long-term borrowings	11.2	9,071,820	9,216,624
Long-term rental liabilities	11.6	255,295	163,281
Long-term derivatives	11.5	287,319	155,945
Deferred tax liabilities	4	983,566	844,005
Staff termination benefits	12.2	56,364	49,248
Other long-term liabilities		19,433	21,199
Total non-current liabilities		10,673,797	10,450,302
Liabilities held for sale		0	0
Trade payables		140,670	129,990
Trade payables on fixed assets		88,142	83,189
Short-term borrowings	11.2	1,815,746	1,843,103
Short-term rental liabilities	11.6	13,797	376
Short-term derivatives	11.5	78,523	79,052
Security deposits		5,483	5,557
Advances and pre-payments received		200,336	170,928
Short-term provisions	12.2	17,445	22,610
Current taxes		41,054	32,598
Other short-term liabilities	13	211,837	149,624
Pre-booked income		74,590	58,461
Total current liabilities		2,687,622	2,575,486
TOTAL LIABILITIES		25,719,762	24,384,202

3.1.2. Statement of net income

€ thousand	Note 3.2.	31/12/2019	31/12/2018
Rental income	6.2.1	961,320	955,891
Unrecovered rental costs	6.2.2	-37,007	-31,945
Expenses on properties	6.2.2	-30,951	-36,915
Net losses on unrecoverable receivables	6.2.2	-4,550	-3,200
Net rental income		888,813	883,831
Revenues from hotel operating activity & Flex Office		243,223	257,308
Expenses of hotel operating activity & Flex Office		-168,170	-181,477
EBITDA from hotel operating activity & Flex Office	6.2.3	75,053	75,831
Income from other activities	6.2.3	16,825	4,792
Management and administration income		23,018	20,042
Business expenses		-5,648	-6,140
Overheads (1)		-127,409	-128,393
Development costs (not capitalised)		-1,819	-585
Net operating costs	6.2.4	-111,859	-115,076
Depreciation of operating assets	6.2.5	-65,004	-60,120
Net change in provisions and other	6.2.5	12,830	6,277
CURRENT OPERATING INCOME		816,658	795,535
Net income from inventory properties		-5,787	-1,087
Income from asset disposals	6.3	1,066	97,423
Income from value adjustments	6.4	1,003,634	620,693
Income from disposal of securities		7,724	119,315
Income from changes in scope	6.5	-22,255	-160,006
OPERATING INCOME		1,801,040	1,471,872
Income from non-consolidated companies		4	0
Cost of net financial debt (2)	6.6	-210,166	-202,453
The interest cost for rental liabilities	5.11.6	-13,526	-4,594
Value adjustment on derivatives	6.7	-196,383	-16,152
Discounting of liabilities and receivables (1)	6.7	-173	-656
Exceptional depreciation of loan issue costs (2)	6.7	-10,646	-11,251
Share in income of equity affiliates	5.3.2	29,301	22,828
PRE-TAX NET INCOME		1,399,450	1,259,594
Deferred tax liabilities	6.8.2	-113,640	-90,050
Corporate taxes	6.8.2	-23,995	-26,081
NET INCOME FOR THE PERIOD		1,261,815	1,143,462
Net income from non-controlling interests		-514,828	-393,888
NET INCOME FOR THE PERIOD – GROUP SHARE		746,987	749,574
Group net income per share (€)	7.2	8.76	9.99
Group diluted net income per share (€)	7.2	8.61	9.22

(1) The free share expense included in the item Discounting of liabilities and receivables at 31 December 2018 in the amount of €8,802 thousand is now included with personnel expenses under Overheads (€9,701 thousand as of 31 December 2019).

(2) €14,484 thousand in regular depreciation in the costs of debt issuance included in the item Depreciation of debt issuance costs at 31 December 2018 is now included in the line Cost of the net financial debt (€13,920 thousand at 31 December 2019).

3.1.3. Statement of comprehensive income

(€K)	31/12/2019	31/12/2018
NET INCOME FOR THE PERIOD	1,261,815	1,143,462
Other items in the comprehensive income statement recognised directly in shareholders' equity and:		
Destined for subsequent reclassification in the "Net income" section of the income statement		
Actuarial losses on employee benefits	0	0
Currency translation differences	8,289	-3,026
Change in the fair value of operating assets held in investments	0	0
Effective portion of gains or losses on hedging instruments	5,025	-7,507
Tax on other items of comprehensive income	0	0
Not destined for subsequent reclassification in the "Net income" section	0	0
Other items of comprehensive income	13,314	-10,533
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,275,129	1,132,929
Total comprehensive income attributable		
To the owners of the parent company	762,052	744,124
To non-controlling interests	513,077	388,805
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,275,129	1,132,929
Group net comprehensive per share	8.94	9.92
Group diluted net income (loss) per share	8.78	9.16

3.1.4. Statement of changes in shareholders' equity

The Covivio share capital was 87,219,906 shares issued and fully paid up each with a par value of €3, i.e. €261.7 million at 31 December 2019. Covivio holds 174,557 treasury shares.

(€K)	Capital	Share premium account	Treasury shares	Reserves and retained earnings	Gains and losses recognised directly in shareholders' equity	Total Group Shareholders' equity	Non-controlling interests	Total equity
Position at 31 December 2017	224,490	2,853,696	-4,743	3,311,517	-21,653	6,363,307	3,804,352	10,167,659
Dividends distribution				-337,030		-337,030	-235,122	-572,152
Capital increase	23,675	702,902				726,577		726,577
Allocation to the legal reserve	544	-2,911		2,367		0		0
Other			-13,885	-461		-14,346	-280	-14,626
Total comprehensive income for the period				749,574	-5,450	744,124	388,805	1,132,929
<i>Of which currency transaction gains and losses</i>					-1,280	-1,280	-1,746	-3,026
<i>Of which effective portion of gains or losses on hedging instruments</i>					-4,170	-4,170	-3,337	-7,507
<i>Of which net income (loss)</i>				749,574		749,574	393,888	1,143,462
Impact of change in shareholding/ Capital increase				71,056		71,056	-160,786	-89,730
Shared-based payments				7,757		7,757		7,757
Position at 31 December 2018	248,709	3,553,687	-18,628	3,804,781	-27,103	7,561,446	3,796,969	11,358,414
Dividends distribution				-382,076		-382,076	-247,668	-629,744
Capital increase	12,551	330,268				342,819		342,819
Allocation to the legal reserve		-1,256		1,256		0		0
Other	400	-400	3,373	-3,753		-380	76	-304
Total comprehensive income for the period				746,987	15,065	762,052	513,077	1,275,130
<i>Of which actuarial gains and losses on retirement benefits</i>						0		0
<i>Of which currency transaction gains and losses</i>					5,503	5,503	2,786	8,289
<i>Of which effective portion of gains or losses on hedging instruments</i>					9,562	9,562	-4,537	5,025
<i>Of which net income (loss)</i>				746,987		746,987	514,828	1,261,815
Impact of change in shareholding/ Capital increase				5,656		5,656	-1,756	3,900
Shared-based payments				8,129		8,129		8,129
POSITION AT 31 DECEMBER 2019	261,660	3,882,299	-15,255	4,180,980	-12,038	8,297,646	4,060,698	12,358,343

The dividend of €382 million was paid as €316 million in shares and €66 million in cash and was withheld from net income and charged to retained earnings.

During 2019, Covivio increased its share capital by almost €343 million through the issue of 3,885,719 shares following the payment of the dividend as shares, and the issue of 298,053 new shares following the conversion of 1,670,419 bonds and the allocation of 133,236 vested free shares.

Reserves correspond to parent company retained earnings and reserves, together with reserves from consolidation.

■ Changes in the number of shares during the period

Transaction	Shares issued	Treasury shares	Shares outstanding
Number of shares at 31 December 2018	82,902,898	222,461	82,680,437
Capital increase – delivery of free share plan	133,236		
Capital increase – conversion of ORNANE-type bonds	298,053		
Capital increase – dividend in shares	3,885,719		
Treasury shares – liquidity agreement		-25,672	
Treasury shares – employee award		-22,232	
NUMBER OF SHARES AT 31 DECEMBER 2019	87,219,906	174,557	87,045,349

Change in non-controlling interests (+€263.7 million) was mainly due to the income for minority interests (+€513.1 million) and distributions during the period (-€247.6 million).

3.1.5. Statement of cash flows

(€K)	Note	31/12/2019	31/12/2018
Net consolidated income (including minority interests)		1,261,815	1,143,462
Net depreciation and amortisation charges and provisions ⁽¹⁾ (excluding those related to current assets)		73,176	194,514
Unrealised gains and losses relating to changes in fair value	3.2.5.11.5 & 3.2.6.4	-807,278	-604,530
Income and expenses calculated on stock options and related share-based payments		9,701	8,802
Other calculated income and expenses		17,100	23,421
Gains or losses on disposals		-8,810	-226,326
Gains or losses from dilution – accretion		0	-0
Share of income from companies accounted for under the equity method		-29,301	-22,828
Cash flow after tax and cost of net financial debt		516,502	516,515
Cost of net financial debt	3.2.6.6 & 3.2.6.7	209,672	187,970
Income tax expense (including deferred taxes)	3.2.6.8.2	137,635	116,132
Cash flow before tax and cost of net financial debt		863,810	820,617
Taxes paid		-14,496	-17,375
Change in working capital requirements on continuing operations (including employee benefits liabilities)	3.2.5.7.2	-75,876	81,069
Net cash flow generated by the activity		773,438	884,310
Impact of changes in the scope ⁽²⁾		-246,910	-475,832
Disbursements related to acquisition of tangible and intangible fixed assets	3.2.5.1.2	-674,244	-991,339
Proceeds relating to the disposal of tangible and intangible fixed assets	3.2.5.1.2	1,198,601	1,267,019
Disbursements relating to acquisition of financial assets (non-consolidated securities)		-2,684	-0
Proceeds relating to the disposal of financial assets (non-consolidated securities)		5,085	1,185
Dividends received (companies accounted for under the equity method, non-consolidated securities)		15,066	10,656
Change in loans and advances granted		-54,528	71,227
Investment grants received		0	0
Other cash flow from investment activities		3,220	11,218
Net cash flow from investment operations		243,607	-105,866
Impact of changes in the scope		0	-97,543
Amounts received from shareholders in connection with capital increases:			
Paid by parent company shareholders	3.1.4	0	174,183
Paid by minority shareholders of consolidated companies		22,254	0
Purchases and sales of treasury shares		2,544	-15,675
Dividends paid during the reporting period:			
Dividends paid to parent company shareholders	3.1.4	-66,426	-337,030
Dividends paid to non-controlling interests of consolidated companies	3.1.4	-247,668	-235,122
Proceeds related to new borrowings	3.2.5.11.2	1,612,701	2,427,876
Repayments of borrowings (including finance lease agreements)	3.2.5.11.2	-1,935,543	-2,507,114
Net interest paid (including finance lease agreements)		-216,191	-208,220
Other cash flow from financing activities		-75,547	-68,958
Net cash flow from financing operations		-903,876	-867,602
Impact of changes in the exchange rate		535	-64
Impact of changes in accounting policies		0	0
CHANGE IN NET CASH		113,705	-89,222
Opening cash position		1,167,517	1,256,739
Closing cash position		1,281,221	1,167,517
CHANGE IN CASH AND CASH EQUIVALENTS		113,705	-89,222

(1) Net depreciation and amortisation charges and provisions of €73.2 million mainly include €65 million in depreciation and amortisation of tangible and intangible fixed assets.

(2) The impact of changes in the scope of investing activities (section 39 of IAS 7) amounting to -€246.9 million mainly stem from Hotels Europe (-€215.5 million) and Germany Residential (-€31.5 million).

	Note	31/12/2019	31/12/2018
Gross cash (a)	3.2.5.9.2	1,302,084	1,172,450
Debit balances and bank overdrafts from continuing operations (b)	3.2.5.11.2	-20,548	-1,398
Net cash and cash equivalents (c) = (a) – (b)		1,281,536	1,171,052
Of which available net cash and cash equivalents		1,281,221	1,167,517
Of which unavailable net cash and cash equivalents		315	3,535
Gross debt (d)	3.2.5.11.2	10,936,766	11,144,032
Amortisation of financing costs (e)	3.2.5.11.2	-69,749	-85,703
NET DEBT (D) – (C) + (E)		9,585,482	9,887,278

3.2. NOTES TO THE CONSOLIDATED ACCOUNTS

3.2.1. General principles

3.2.1.1. Accounting standards

The consolidated accounts of the Covivio Group at 31 December 2019 were prepared in accordance with the international accounting standards and interpretations issued by the International Accounting Standards Board (IASB) and adopted by the European Union as of the preparation date. These standards include the IFRS (International Financial Reporting Standards) and IAS (International Accounting Standards) and their interpretations.

The financial statements were approved by the Board of Directors on 13 February 2020.

Accounting principles and methods used

The accounting principles applied for the consolidated accounts as at 31 December 2019 are identical to those used for the consolidated accounts as at 31 December 2018, except for new standards and amendments whose application was mandatory on or after 1 January 2019 and which were not applied early by the Group.

The new standards subject to mandatory application on or after 1 January 2019 include:

- IFRS 16 "Leases", adopted by the European Union on 31 October 2017; this standard supersedes IAS 17 "Leases", as well as the corresponding interpretations (IFRIC 4, SIC 15 and SIC 27). It sets out the principles applicable to the accounting, measurement and presentation of leases.

The information required as part of the transition to and first-time application of IFRS 16 are presented in section 3.2.1.2.

The following interpretations and amendments, which are mandatory as of 1 January 2019, did not have any impact on the Group's consolidated financial statements:

- Amendment to IFRS 9 "Prepayment Features with Negative Compensation", adopted by the European Union on 22 March 2018; this amendment deals with instruments containing a prepayment clause when the exercise of this clause leads to a repayment of less than the amount of the principal and interest on the principal amount outstanding (negative compensation).
- IFRIC 23 "Uncertainty over Income Tax Treatments", adopted by the European Union on 23 October 2018; this interpretation clarifies the application of provisions of IAS 12 "Income Taxes" to the recognition and measurement where there is uncertainty on the income tax treatment.

- Amendments to IAS 28 "Investments in Associates and Joint Ventures", adopted by the European Union on 8 February 2019.
- Annual improvements to IFRS (2015-2017 cycle), adopted by the European Union on 14 March 2019. These improvements amend IFRS 3 "Business Combinations", IFRS 11 "Partnerships", IAS 23 "Borrowing Costs" and IAS 12 "Income Taxes".
- Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement", adopted by the European Union on 13 March 2019. These limited amendments apply to changes, curtailment or settlement of defined-benefit plans.

The new amendments and standards adopted by the European Union whose application was not mandatory on 1 January 2019 and which are not being applied early by the Covivio Group are the following:

- Amendments to IAS 1 and IAS 8 "Definition of Material", adopted by the European Union on 29 November 2019. According to the IASB, the amendments will come into force on 1 January 2020.
- Amendments to IFRS 9, IAS 39 and IFRS 7 related to the interbank benchmark rate reform, published on 26 September 2019, adopted by the European Union on 15 January 2020; According to the IASB, the amendments will come into force on 1 January 2020.

New standards awaiting adoption by the European Union, whose application is possible as of 1 January 2019:

- Amendment to IFRS 3 "Definition of a Business", published on 22 October 2018; according to the IASB, the amendments will come into force on 1 January 2020.
- Amendments to IFRS 10 and IAS 28 "Sales or contributions of assets made between the Group and equity affiliates", published on 11 September 2014.

IFRS standards and amendments published by the IASB not authorised for financial years beginning on or after 1 January 2019:

- Amendments to References to the conceptual framework in IFRS Standards issued on 29 March 2018; these were adopted by the European Union on 29 November 2019. According to the IASB, the amendments will come into force on 1 January 2020.
- IFRS 17 "Insurance contracts", published on 18 May 2017; according to the IASB, the amendments will come into force on 1 January 2021. IFRS 17 lays out the principles as to the recognition, valuation, presentation and disclosures concerning insurance contracts within the scope of application of the standard. This standard has no impact on the financial statements.

3.2.1.2. First-time application of IFRS 16

The Covivio Group has chosen to apply IFRS 16 using the simplified retrospective method: comparative information is not restated and the cumulative impact of the first-time application of the standard is presented as an adjustment to shareholders' equity at 1 January 2019. In this case, no adjustments have been recorded in shareholders' equity at the date of first-time application.

Pursuant to section 5 of the standard, the Covivio Group has chosen not to restate leases with a residual term at the date of first-time application not exceeding 12 months and leases where the underlying asset has a low value.

The discount rate used to calculate the lease liability is the marginal interest rate on debt at the date of first-time application or at the lease commencement date. This rate is defined as the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the leased asset in a similar economic environment.

For leases with a residual term of more than 15 years (construction leases and long-term leases conferring ad rem rights), the rates used are obtained by adding a risk-free rate applicable to the currency and the term, a credit spread, a EUR/GBP rate for assets located in the United Kingdom and a surcharge applicable to real estate assets.

For leases with a residual term of less than 15 years at the date of first-time application, the discount rate used corresponds to the average interest rate on debt for the business segment in question at 31 December 2018 (i.e. 2.08% for the Hotels in Europe

segment, 1.5% for Germany Residential and 1.53% for France Offices, Italy Offices and Corporate).

The average yield rate weighted for rental liabilities at 1 January 2019 is 4.20%.

The Group has used the following presentation in the Statement of financial position:

- right-of-use assets meeting the definition of investment properties under IAS 40, for which the Group applies the fair value model, are included under Investment properties
- right-of-use assets that do not meet the definition of investment properties under IAS 40, are included under the items where the corresponding underlying assets are presented if they belonged thereto, namely the items Operating properties and Other tangible fixed assets
- rental liabilities are presented separately from other liabilities under Long-term rental liabilities and Short-term rental liabilities.

The Group's leases are mainly leases for business premises, company vehicles, parking spaces, construction leases and long-term leases conferring ad rem rights.

Note that IAS 40 "Investment properties" already incorporated a restatement similar to IFRS 16 for construction leases described as finance leases. Accordingly, long-term leases conferring ad rem rights relating to acquisitions in the United Kingdom during the fiscal year had already been restated in the financial statements at 31 December 2018. The first-time application of IFRS 16 is consequently limited to leases other than long-term leases conferring ad rem rights.

The IAS 17 rental commitments at 31 December 2018 and rental debt recognised at 1 January 2019 are reconciled in the table below (in €K):

Operating lease commitments as tenant at 31 December 2018	81,801
Contracts not accounted for under exemptions	- 12,623
Unidentified contracts at 31 December 2018	98,989
Undiscounted rental commitments under IFRS 16 at 1 January 2019	168,167
Effect of discounting	- 78,739
Discounted rental liabilities under IFRS 16 at 1 January 2019	89,428
Rental liabilities recognised under IFRS 40 at 31 December 2018	163,657
Rental liabilities under IFRS 16 at 1 January 2019	253,085

The impact of the first-time application of IFRS 16 on Statement of financial position items at 31 December 2019 is presented in the following tables:

Total impact 1 st application IFRS 16									
(K€)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	France Residential	Corporate and not attributable	Total 01/01/2019	31/12/2018	31/12/2019
Tangible fixed assets	8,339	3,505	29,034	601	21	35,907	77,407	0	65,838
Operating properties	8,235	3,340	27,585	0	12	35,881	75,053	0	63,749
Other tangible fixed assets	104	165	1,449	601	9	26	2,354	0	2,089
Investment properties	0	0	12,035	0	0	0	12,035	163,660	202,636
Total assets	8,339	3,505	41,069	601	21	35,907	89,442	163,660	268,474

Total impact 1 st application IFRS 16									
(K€)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	France Residential	Corporate and not attributable	Total 01/01/2019	31/12/2018	31/12/2019
Rental liabilities	8,336	3,500	41,063	601	21	35,907	89,428	163,657	268,977
Long-term rental liabilities	4,687	2,769	39,436	375	12	29,835	77,114	163,281	255,295
Short-term rental liabilities	3,649	731	1,627	226	9	6,072	12,314	376	13,682
Total liabilities	8,336	3,500	41,063	601	21	35,907	89,428	163,657	268,977

The impact of the first-time application of IFRS 16 on Statement of net income items at 31 December 2019 is presented in the following table:

(K€)	31/12/2019
Net change in provisions and other	9,198
Expenses of hotel operating activity	2,548
Net cost of operations	6,375
Net operating costs	5,062
Amortisation and depreciation of tangible assets	-12,699
Changes in FV of use rights/investment properties	3,107
Interest cost for rental liabilities	-13,528
IFRS 16 impact on net income	63

3.2.1.3. Estimates and judgements

The financial statements have been prepared in accordance with the historic cost convention, with the exception of investment properties and certain financial instruments, which were recognised in accordance with the fair value convention. In accordance with the conceptual framework for IFRS, preparation of the financial statements requires making estimates and using assumptions that affect the amounts shown in these financial statements.

The significant estimates made by the Covivio Group in preparing the financial statements mainly relate to:

- the valuations used for testing impairment, in particular assessing the recoverable value of goodwill and intangible fixed assets
- measurement of the fair value of investment properties
- assessment of the fair value of derivative financial instruments
- measurement of provisions.

Due to the uncertainties inherent in any valuation process, the Covivio Group reviews its estimates based on regularly updated information. The future results of the transactions in question may differ from these estimates.

In addition to the use of estimates, Group management makes use of judgements to define the appropriate accounting treatment of certain business activities and transactions when the IFRS standards and interpretations in effect do not precisely address the accounting issues involved.

3.2.1.4. Operating segments

The operating segments of the Covivio Group are detailed in paragraph 3.2.8.1.

3.2.1.5. IFRS 7 – Reference table

• Liquidity risk	§ 3.2.2.2
• Financial expense sensitivity	§ 3.2.2.3
• Credit risk	§ 3.2.2.4
• Market risk	§ 3.2.2.6
• Exchange rate risk	§ 3.2.2.7
• Sensitivity of the fair value of investment properties	§ 3.2.5.1.3
• Covenants	§ 3.2.5.11.7

3.2.2. Financial risk management

The operating and financial activities of the Company are exposed to the following risks:

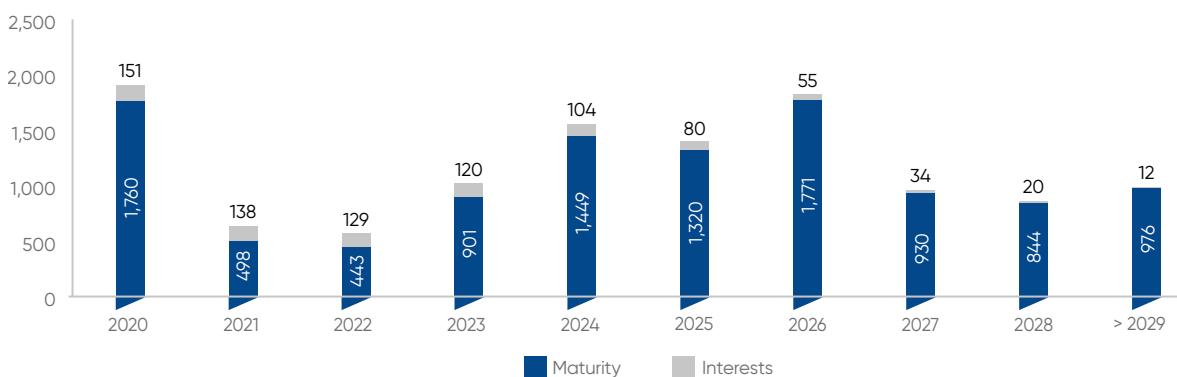
3.2.2.1. Marketing risk for properties under development

The Group is involved in property development. As such, it is exposed to a number of different risks, particularly risks associated with construction costs, completion delays and the marketing of properties. These risks can be assessed in light of the schedule of properties under development (see § 3.2.5.1.5).

3.2.2.2. Liquidity risk

Liquidity risk is managed in the medium and long term with multi-year cash management plans and, in the short term, by using confirmed and undrawn lines of credit. At 31 December 2019, the Covivio Group's available cash and cash equivalents amounted to €2,963 million, including €1,505 million in usable unconditional credit lines, €1,302 million in investments and €156 million in unused overdraft facilities.

The graph below summarises the maturities of borrowings (in €M) existing as at 31 December 2019:



The maturities at 31 December 2019 in the graph above include €1,363.9 million in treasury bills.

The amount of interest payable until the maturity of the debt, estimated on the basis of the outstanding amount at 31 December 2019 and the average interest rate on debt, totalled €841 million.

Details of the debt maturities are provided in note 3.2.5.11.3, and a description of the banking covenants and accelerated payment clauses included in the loan agreements is presented in note 3.2.5.11.7.

Throughout 2019, the Group continued its policy of reducing the cost of its debt whilst extending the term, particularly by refinancing or renegotiating some of its debts following the merging of its French and Italian scopes.

- In 2019, Covivio raised or renegotiated €550 million in loans on improved financial and maturity terms, for example, €500 million via a 12-year green bond issued in September 2019, with a 1.125% coupon. At the same time, Covivio cancelled or redeemed early €817.5 million in credit lines, short and medium-term borrowings or bonds, mainly in Italy.
- Covivio Hotels raised, secured or renegotiated €577 million in long-term mortgage debt (average 9-year term) backed by Hotels in Spain, Germany and France, while repaying €400 million in medium-term mortgage financing.
- In Germany, Covivio Immobilien SE raised or renegotiated €529 million in loans with average terms of around 10 years.

3.2.2.3. Interest rate risk

The Group's exposure to the risk of changes in market interest rates is linked to its floating rate and long-term financial debt.

To the extent possible, bank debt is primarily hedged via financial instruments (see § 3.2.5.11.5). At 31 December 2019, after taking interest rate swaps into account, approximately 96% of the Group's debt was hedged, and the bulk of the remainder was covered by interest rate caps, which resulted in the following sensitivity to changes in interest rates:

- The impact of a 100 bps rate increase as at 31 December 2019 is a loss of €18,733 thousand on the 2020 Group Share of net income.
- The impact of a 50 bps rate increase as at 31 December 2019 is a loss of €8,622 thousand on the 2020 Group Share of net income.
- The impact of a 50 bps rate reduction as at 31 December 2019 is an increase of €8,356 thousand on the 2020 Group Share of net income.

3.2.2.4. Financial counterparty risk

Given the Covivio Group's contractual relationships with its financial partners, the Company is exposed to counterparty risk. If any of its counterparties is not in a position to honour its commitments, the Group's income could suffer an adverse effect.

This risk primarily involves the hedging instruments subscribed by the Group and which would have to be replaced by a hedging transaction at the current market rate in the event of a default by the counterparty.

The counterparty risk is limited by the fact that Covivio group is a borrower, from a structural standpoint. The risk is therefore mainly restricted to the investments made by the Group and to its counterparties in derivative product transactions. The Company continually monitors its exposure to financial counterparty risk. The Company's policy is to deal only with top-tier counterparties, while diversifying its financial partners and its sources of funding.

Counterparty risk is included in the measurement of cash instruments. It totalled €5,275 thousand in 2019.

3.2.2.5. Leasing counterparty risk

Covivio Group's rental income is subject to a certain degree of concentration, to the extent that the principal tenants (Orange, Telecom Italia, AccorHotels, IHG and B&B) generate most of the annual rental income.

It should be noted that in 2017 and 2018, the Group split the Telecom Italia portfolio and now only holds 51%. The Group also made significant investments in Spain and the United Kingdom, thus diversifying its hotel tenants.

Covivio group does not believe it is significantly exposed to the risk of insolvency, since its tenants are selected based on their creditworthiness and the economic prospects of their market segments. The operating and financial performance of the main tenants is regularly reviewed. In addition, tenants grant the Group financial guarantees when leases are signed.

The Group has not recorded any significant overdue payments.

3.2.2.6. Risks related to changes in the value of the portfolio

Changes in the fair value of investment properties are recognised in the income statement. Changes in property values can thus have a material impact on the operating performance of the Group.

In addition, part of the Company's operating income is generated by the sales plan, the income of which is equally dependent on property values and on the volume of possible transactions.

Rentals and property values are cyclical in nature, the duration of the cycles being variable but generally long-term. Different domestic markets have differing cycles that vary from each other in relation to specific economic and market conditions. Within each national market, prices also follow the cycle in different ways and with varying degrees of intensity, depending on the location and category of the assets.

The macroeconomic factors that have the greatest influence on property values and determine the various cyclical trends include the following:

- interest rates
- the market liquidity and the availability of other profitable alternative investments
- economic growth.

Low interest rates, abundant liquidity on the market and a lack of profitable alternative investments generally lead to an increase in property asset values.

Economic growth generally increases demand for leased space and paves the way for rent levels to rise, particularly in Offices. These two consequences lead to an increase in the price of real estate assets. Nevertheless, in the medium term, economic growth generally leads to an increase in inflation and then an increase in interest rates, expanding the availability of profitable alternative investments. Such factors exert downward pressure on property values.

The investment policy of Covivio group is to minimise the impact of the various stages of the cycle by choosing investments that:

- have long-term leases and high quality tenants, which soften the impact of a reduction in market rental income and the resulting decline in real estate prices
- are located in major city centres
- have low vacancy rates, in order to avoid the risk of having to re-let vacant space in an environment where demand may be limited.

The holding of real estate assets intended for leasing exposes the Covivio Group to the risk of fluctuation in the value of real estate assets and lease payments.

Despite the uncertainty created by the economic downturn, this exposure is limited to the extent that the rentals invoiced are derived from rental agreements, the term and diversification of which mitigate the effects of fluctuations in the rental market.

The sensitivity of the fair value of investment properties to changes in capitalisation rates is analysed in 3.2.5.1.3.

3.2.2.7. Exchange rate risk

The Group operates both in and outside the euro zone following acquisition of the hotel properties in the United Kingdom and in Poland. The Group wanted to hedge against certain currency fluctuations (GBP) by financing part of the acquisitions through a foreign currency loan and a currency swap.

■ Impact of a decrease in the GBP/EUR exchange rate on the shareholders' equity

	31/12/2019 (M€)	5% decrease in GBP/ EUR exchange rate (€M)	10% decrease in GBP/ EUR exchange rate (€M)
Portfolio	825	-45.7	-91.7
Debt	400	22.3	44.5
Cross currency swap	250	13.9	27.8
IMPACT ON SHAREHOLDER'S EQUITY		-9.6	-19.3

(-) corresponds to a loss; (+) corresponds to a gain.

3.2.2.8. Brexit risk

Notwithstanding the impact on real estate valuations relating to economic uncertainties, in the United Kingdom the Group is benefiting from the minimum guaranteed rental income over its whole portfolio limiting the impact of this risk on its financial position and profitability.

3.2.2.9. Risks related to changes in the value of shares and bonds

The Group is exposed to risks for two classes of shares (see § 3.2.5.2.2).

This risk primarily involves listed securities in companies consolidated according to the equity method, which are valued according to their value in use. Value in use is determined based on independent assessments of the real estate assets and financial instruments.

Furthermore, Covivio issued bonds (ORNANE type) valued at their fair value in the income statement at each reporting date for ORNANE France 2019 and by distinguishing a financial debt and amortised cost and a derivative value at fair value for ORNANE Italy 2021. The fair value corresponds to the bond's closing price, exposing the Group to changes in the bond's value. The specific features of the ORNANE are described in note 3.2.5.11.4. The France 2019 ORNANE was fully redeemed in early 2019.

3.2.2.10. Tax environment

3.2.2.10.1. Changes in the French tax environment

The French tax environment has undergone changes in the corporate tax rate, which has been reduced to 31% (instead of 33.1/3%) from 1 January 2019 for companies with revenues not exceeding €250 million.

New rules to limit the deductibility of interest to 30% of fiscal EBITDA or €3 million, pursuant to the application of European provisions, could have an influence on the taxable income of Group companies.

3.2.2.10.2 Changes in the Italian tax environment

The Group has not observed any significant change in the Italian tax environment.

3.2.2.10.3 Changes in the German tax environment

The Group has not observed any significant change in the German tax environment.

3.2.2.10.4 Tax risks

Due to the complexity and bureaucracy characteristic of the environment in which the Covivio Group operates, the Group is exposed to tax risks. If our counsel believes that an adjustment presents a risk of reassessment, a provision is made. The list of the main ongoing proceedings includes the following:

- Covivio Hotels' tax audit

Covivio Hotels' financial statements were audited for the 2010/2011 and 2012/2013/2014 fiscal years, which resulted in a reassessment proposal for the CVAE in the amount of €2.4 million and €2.2 million respectively. These reassessments were partially withdrawn by the tax administration in the first quarter of 2018 and refunds of €1.2 million and €1.1 million were obtained. The remaining balance of the reassessment of €1.2 million and €1.1 million is being contested before the Administrative Court following the court's two rulings against the Company. Based on the analysis by the company's legal counsel, these disputes were not provisioned as at 31 December 2019.

The financial statements of Covivio Hotels were also audited for the 2015 fiscal year which resulted in a reassessment proposal for corporate value-added tax (CVAE), on the same grounds as the previous reassessment proposals for €0.2 million. This proposal was contested at the Administrative Court and, based on the analysis by the Company's advisers, is not recognised in the accounts at 31 December 2019.

- Foncière Otello tax audit (subsidiary of Covivio Hotels)

Foncière Otello's financial statements were audited for the 2011, 2012 and 2013 fiscal years, which resulted in a reassessment proposal for the CVAE in the amount of €0.5 million. This proposal is being contested before the Administrative Court following this court's ruling against the Company. Based on the analysis by the company's legal counsel, no provision has been recorded for this dispute as at 31 December 2019.

The financial statements of Foncière Otello were also audited for the 2014, 2015 and 2016 fiscal years, which resulted in a reassessment proposal for corporate value added tax (CVAE) in the amount of €0.2 million, on the same grounds as the previous reassessment proposal. This proposal is being contested in its entirety, and, based on analysis by the company's legal counsel, no provision was recorded to that effect as at 31 December 2019.

- Tax audit of LHM Propco Lux (subsidiary of Covivio Hotels)
A company with assets in Germany is being audited for the 2015–2017 fiscal years, which remains ongoing at 31 December 2019.
- Tax audits of Operating properties
Nice-M was audited for fiscal years 2015 and 2016, which resulted in a VAT reassessment in the amount of €31 thousand, which is contested in part. This VAT reassessment has not been recognised at 31 December 2019.
Two German companies (Rock portfolio) are subject to a tax audit for the 2012 through 2015 financial years, concerning corporate tax and VAT.
Another tax audit relating to VAT for 2018 was begun in early 2019 and remains ongoing.
- Tax audits of Germany Residential
Covivio Immobilien and all its subsidiaries were subject to a tax audit for financial years 2011 to 2016.
At 31 December 2019, the audit is still ongoing, with the exception of the Golddust portfolio which resulted in a reassessment of around €1 million as the level of interest rates on pre-existing partner loans on acquisition of the companies' securities was questioned. This reassessment, which resulted in a provision of €1.5 million, was accepted and was permanently closed at 31 December 2019.
- Tax audits on Beni Stabili, which merged with Covivio
 - Comit Fund tax dispute – Beni Stabili:
On 17 April 2012, following a court decision, the Italian tax administration refunded the debt borne by Beni Stabili for the Comit Fund dispute (principal: €58.2 million and interest: €2.3 million). In April 2012, the Tax Administration appealed this decision. The Court of Appeal ruled in favour of the Tax Administration on 18 December 2015.

The dispute with the tax authorities was settled with the payment of €55 million. The €56.2 million provision recorded in 2015 was reversed as at 31 December 2016.

However, Comit Fund and Beni Stabili have not entered into a joint agreement to definitively agree that they each will pay an equal share of this adjustment. Civil arbitration proceedings taken by Comit Fund confirmed that each party accepts to pay 50% of the cost of the dispute, in accordance with the payments made. In January 2019, Comit Fund appealed against the arbitration decision bringing the dispute to an end. In May 2019, an appeal was heard, resulting in a new hearing being scheduled for November 2019. Beni Stabili's management, supported by its advisers, believes there is little risk of having to repay Comit Fund, and no provision has therefore been made for this appeal as of 31 December 2019.

3.2.2.10.5 Deferred tax liabilities

Most of the Group's real estate companies have opted for the SIIC regime in France, and the SOCIMI regime in Spain. Beni Stabili, which opted for the SIIC regime, changed its tax regime when it merged with Covivio at 31 December 2018 and the Covivio permanent establishment in Italy will be subject to real estate corporate tax of 20% as of 1 January 2019. The impact of deferred tax liabilities is therefore essentially present in Germany Residential and Italy Offices and linked to investments in Hotels in Europe for which the SIIC regime is not applicable (Germany, Spain, Belgium, Netherlands, Portugal, the United Kingdom and Poland). In the case of Spain, all Spanish companies have opted for the SOCIMI regime exemption. However, there are deferred tax liabilities related to assets held by the companies prior to opting for SOCIMI treatment.

The deferred tax is mainly due to the recognition of the portfolio's fair value (German rate: 15.825%, French rate: 25.83%). Please note that the hotel businesses are taxed at a rate of between 30.18% and 32.28% in Germany and that deferred tax liabilities for this business have also been recognised at this rate.

3.2.3. Scope of consolidation

3.2.3.1. Accounting principles applicable to the scope of consolidation

3.2.3.1.1. Consolidated subsidiaries and structured entities – IFRS 10

These financial statements include the financial statements of Covivio and the financial statements of the entities (including structured entities) that it controls and its subsidiaries.

Covivio group has control when it:

- has power over the issuing entity
- is exposed or is entitled to variable returns due to its ties with the issuing entity
- has the ability to exercise its power in such a manner as to affect the amount of returns that it receives.

Covivio group must reassess whether it controls the issuing entity when facts and circumstances indicate that one or more of the three factors of control listed above have changed.

A structured entity is an entity structured in such a way that the voting rights or similar rights do not represent the determining factor in establishing control of the entity; this is particularly the case when the voting rights only involve administrative tasks and the relevant business activities are governed by contractual agreements.

If the Group does not hold a majority of the voting rights in an issuing entity in order to determine the power exercised over an entity, it analyses whether it has sufficient rights to unilaterally manage the issuing entity's relevant business activities. The Group takes into consideration any facts and circumstances when it evaluates whether the voting rights that it holds in the issuing entity are sufficient to confer power to the Group, including the following:

- the number of voting rights that the Group holds compared to the number of rights held respectively by the other holders of voting rights and their distribution
- the potential voting rights held by the Group, other holders of voting rights or other parties
- the rights under other contractual agreements
- the other facts and circumstances, where applicable, which indicate that the Group has or does not have the actual ability to manage relevant business activities at the moment when decisions must be made, including voting patterns during previous shareholders' meetings.

Subsidiaries and structured entities are fully consolidated.

3.2.3.1.2. Equity affiliates – IAS 28

An equity affiliate is an entity in which the Group has significant control. Significant control is the power to participate in decisions relating to the financial and operational policy of an issuing entity without, however, exercising control or joint control on these policies.

The results and the assets and liabilities of equity affiliates are recognised in these consolidated financial statements according to the equity method.

3.2.3.1.3. Partnerships (joint control) – IFRS 11

Joint control means the contractual agreement to share the control exercised over a company, which only exists in the event where the decisions concerning relevant business activities require the unanimous consent of the parties sharing the control.

Joint ventures

A joint venture is a partnership in which the parties which exercise joint control over the entity have rights to its net assets.

The results and the assets and liabilities of joint ventures are recognised in these consolidated financial statements according to the equity method.

Joint operations

A joint operation is a partnership in which the parties exercising joint control over the operation have rights to the assets, and obligations for the liabilities relating to it. Those parties are called joint operators.

A joint operator must recognise the following items relating to its interest in the joint operation:

- its assets, including its proportionate share of assets held jointly, where applicable
- its liabilities, including its proportionate share of liabilities undertaken jointly, where applicable
- the income that it derived from the sale of its proportionate share in the yield generated by the joint operation
- its proportionate share of income from the sale of the yield generated by the joint operation
- the expenses that it has committed, including its proportionate share of expenses committed jointly, where applicable.

The joint operator accounts for the assets, liabilities, income and expenses pertaining to its interests in a joint operation in accordance with the IFRS that apply to these assets, liabilities, income and expenses.

No Group company is considered to constitute a joint operation.

3.2.3.2. Additions to the scope of consolidation

Additions to the scope of consolidation for each business are presented in the scope reporting table detailed by company at the start of each segment. The segments concerned are France Offices, Italy Offices, Hotels in Europe and Germany Residential.

3.2.3.3. Internal restructuring/Disposals

Removals from the scope of consolidation for each business are presented in the scope reporting table detailed by company at the end of each segment. The segments concerned are France Offices, Italy Offices, Hotels in Europe, Germany Residential and the Others sector.

3.2.3.4. Change in holding and/or in consolidation method

Contributions of Covivio shares to SCI Ruhl – Impact on shareholding ratio

Covivio contributed all 100 shares that it held in Ruhl Côte d'Azur SCI, together with a receivable of €10.5 million. 2,365,503 new shares were issued in consideration for Covivio's contribution.

Covivio's investment in Covivio Hotels was thus increased from 42.30% to 43.22%.

Repurchase of 25% of shares in Samoens – Impact on shareholding ratio

At the end of March 2019, Covivio Hotels proceeded with a capital increase through the creation of 613,244 new shares as compensation for 25% of shares in Samoens held by Caisse des Dépôts et Consignations. At 31 December 2019, Samoens was 50.10% directly held by Covivio Hotels, a Covivio subsidiary, compared with 25.10% at 31 December 2018.

3.2.3.5. List of consolidated companies

97 companies in the France Offices segment	Country	Consolidation method in 2019	Percentage held in 2019	Percentage held in 2018
Covivio	France	Parent company		
N2 Batignolles Promo	France	FC	50.00	
6 rue Fructidor	France	FC	50.10	
Fructipromo	France	FC	100.00	
Jean Jacques Bosc	France	FC	100.00	
Terres Neuves	France	FC	100.00	
André Lavignolle	France	FC	100.00	
SCCV Chartres avenue de Sully	France	FC	50.00	
SCI de la Louisiane	France	FC	100.00	
SCCV Bobigny Le 9 ^e Art	France	FC	60.00	
SCCV Fontenay-sous-Bois Rabelais	France	FC	50.00	
Covivio Ravinelle	France	FC	100.00	100.00
SCI Fédérismo	France	FC	60.00	60.00
EURL Fédération	France	FC	100.00	100.00
SARL Foncière Margaux	France	FC	100.00	100.00
Covivio 2	France	FC	100.00	100.00
Covivio 4	France	FC	75.00	75.00
Euromarseille 1	France	EM/JV	50.00	50.00
Euromarseille 2	France	EM/JV	50.00	50.00
Euromarseille BI	France	EM/JV	50.00	50.00
Euromarseille BH	France	EM/JV	50.00	50.00
Euromarseille PK	France	EM/JV	50.00	50.00
Euromarseille Invest	France	EM/JV	50.00	50.00
Euromarseille H	France	EM/JV	50.00	50.00
Covivio 7	France	FC	100.00	100.00
SCI Bureaux Cœur d'Orly	France	EM/JV	50.00	50.00
SAS Cœur d'Orly Promotion	France	EM/JV	50.00	50.00
Technical	France	FC	100.00	100.00
Le Ponant 1986	France	FC	100.00	100.00
SCI Atlantis	France	FC	100.00	100.00
Iméfa 127	France	FC	100.00	100.00
SNC Latécoère	France	FC	50.10	50.10
SCI du 32 avenue P. Grenier	France	FC	100.00	100.00
SCI du 40 rue JJ. Rousseau	France	FC	100.00	100.00
SCI du 3 place A Chaussy	France	FC	100.00	100.00
SARL BGA Transactions	France	FC	100.00	100.00
SCI du 288 rue Duguesclin	France	FC	100.00	100.00
SCI du 9 rue des Cuirassiers	France	FC	50.10	50.10
SCI 35/37 rue Louis Guérin	France	FC	100.00	100.00

97 companies in the France Offices segment	Country	Consolidation method in 2019	Percentage held in 2019	Percentage held in 2018
SCI du 15 rue des Cuirassiers	France	FC	50.10	50.10
SCI du 10B et 11 A 13 allée des Tanneurs	France	FC	100.00	100.00
SCI du 8 rue M. Paul	France	FC	100.00	100.00
SCI 1 rue de Châteaudun	France	FC	100.00	100.00
SCI du 1630 Avenue de la Croix Rouge	France	FC	100.00	100.00
SCI du 125 avenue du Brancolar	France	FC	100.00	100.00
SARL du 106-110 rue des Troènes	France	FC	100.00	100.00
SCI du 2 rue de L'III	France	FC	100.00	100.00
SCI du 20 avenue Victor Hugo	France	FC	100.00	100.00
SARL du 2 rue Saint Charles	France	FC	100.00	100.00
SNC Télimob Paris	France	FC	100.00	100.00
SNC Télimob Nord	France	FC	100.00	100.00
SNC Télimob Rhône Alpes	France	FC	100.00	100.00
SNC Télimob Sud Ouest	France	FC	100.00	100.00
SNC Télimob Est	France	FC	100.00	100.00
SNC Télimob Paca	France	FC	100.00	100.00
SNC Télimob Ouest	France	FC	100.00	100.00
SARL Télimob Paris	France	FC	100.00	100.00
Pompidou	France	FC	100.00	100.00
OPCI Office CB21	France	FC	75.00	75.00
11 place de l'Europe	France	FC	50.09	50.09
Lenovilla	France	EM/JV	50.10	50.10
Lenopromo	France	FC	100.00	100.00
SCI Latécoère 2	France	FC	50.10	50.10
Meudon Saulnier	France	FC	100.00	100.00
Charenton	France	FC	100.00	100.00
Latepromo	France	FC	100.00	100.00
SNC Promomurs	France	FC	100.00	100.00
FDR Participation	France	FC	100.00	100.00
SCI Avenue de la Marne	France	FC	100.00	100.00
Omega B	France	FC	100.00	100.00
SCI RUEL B2	France	FC	100.00	100.00
SCI Factor E	France	EM/EA	34.69	34.69
SCI Orianz	France	EM/EA	34.69	34.69

Companies France Offices Segment	Country	Consolidation method in 2019	Percentage held in 2019	Percentage held in 2018
Wellio	France	FC	100.00	100.00
Le Clos de Chanteloup	France	FC	100.00	100.00
Bordeaux Lac	France	FC	100.00	100.00
Sully Chartres	France	FC	100.00	100.00
Sucy Parc	France	FC	100.00	100.00
Gambetta Le Raincy	France	FC	100.00	100.00
Orly Promo	France	FC	100.00	100.00
Silex Promo	France	FC	100.00	100.00
21 Rue Jean Goujon	France	FC	100.00	100.00
Villouvette Saint-Germain	France	FC	100.00	100.00
La Mérida Fréjus	France	FC	100.00	100.00
Normandie Niemen Bobigny	France	FC	100.00	100.00
Le Printemps Sartrouville	France	FC	100.00	100.00
Gauguin St-Ouen-L'Aumône	France	FC	100.00	100.00
Cité Numérique	France	FC	100.00	100.00
Danton Malakoff	France	FC	100.00	100.00
Meudon Bellevue	France	FC	100.00	100.00
N2 Batignolles	France	FC	50.00	50.00
Tours Coty	France	FC	100.00	100.00
Valence Victor Hugo	France	FC	100.00	100.00
Nantes Talensac	France	FC	100.00	100.00
Marignane Saint-Pierre	France	FC	100.00	100.00
Palmer Plage SNC	France	FC	100.00	100.00
Dual Center	France	FC	100.00	100.00
25-27 quai Félix Faure	France	merger	-	100.00
SCI du 682 cours de la Libération	France	merger	-	100.00
SNC Commerces Cœur d'Orly	France	merged	-	50.00
Palmer Montpellier	France	merged	-	100.00
SCI Rueil B3 B4	France	merged	-	100.00

The registered office of the parent company Covivio is located at 18 avenue François-Mitterrand – 57000 Metz. The other fully consolidated subsidiaries in the France Offices segment have their registered office located at 10 and 30, avenue Kléber – 75116 Paris.

20 companies in the Italy Offices segment	Country	Consolidation method in 2019	Percentage held in 2019	Percentage held in 2018
Covivio Attività Immobiliari 2 S.r.L.	Italy	FC	100.00	
Covivio Attività Immobiliari 3 S.r.L.	Italy	FC	100.00	
Beni Stabili 7 S.p.A.	Italy	FC	100.00	100.00
Central Società di Investimento per Azioni a capitale fisso Central SICAF S.p.A.	Italy	FC	51.00	51.00
Beni Stabili Retail S.r.l.	Italy	FC	55.00	55.00
Covivio Development S.p.A.	Italy	FC	100.00	100.00
RGD Gestioni S.r.L.	Italy	FC	100.00	100.00
Real Estate Roma Olgiata S.r.L.	Italy	FC	75.00	75.00
Covivio Immobiliare 9 SINQ S.p.A.	Italy	FC	100.00	100.00
B.S. Engineering S.r.l.	Italy	FC	100.00	100.00
Wellio Italy	Italy	FC	100.00	100.00
Imser Securitisation S.r.L.	Italy	FC	100.00	100.00
Imser Securitisation 2 S.r.L.	Italy	FC	100.00	100.00
Revalo SpA	Italy	FC	100.00	100.00
Real Estate Solution & Technology	Italy	EM	30.00	30.00
Investire S.p.A. SGR	Italy	EM	1790	1790
Attività Commerciali Montenero S.r.L.	Italy	FC	100.00	100.00
Attività Commerciali Beinasco S.r.L.	Italy	FC	100.00	100.00
Attività Commerciali Vigevano S.r.L.	Italy	FC	100.00	100.00
Covivio Attività Immobiliari 1 S.r.L.	Italy	FC	100.00	100.00
RGD Ferrara 2013 S.r.L.	Italy	disposed of	-	50.00

The registered office of the companies in the Italy Offices segment is located at 10 Carlo Ottavio Cornaggia, 20123 Milan.

162 companies Hotels in Europe segment	Country	Consolidation method in 2019	Percentage held in 2019	Percentage held in 2018
SCA Covivio Hotels (Parent company) 100% controlled	France	FC	43.22	42.30
Oxford Spires Ltd (Propco)	UK	FC	43.22	
Oxford Thames Hotel Ltd (Propco)	UK	FC	43.22	
Dresden Dev	Luxembourg	FC	41.01	
Delta Hotel Amersfoort	Netherlands	FC	43.22	
Opci Oteli	France	EM/EA	13.46	
Orient SAS financial lease	France	EM/EA	13.46	
Express SAS financial lease	France	EM/EA	13.46	
Kombon	France	EM/EA	14.41	
Jouron	Belgium	EM/EA	14.41	
Foncière Gand Cathédrale	Belgium	EM/EA	14.41	
Brussels Sainte Catherine REITs	Belgium	EM/EA	14.41	
Foncière IGK	Belgium	EM/EA	14.41	
Forsmint Investments	Poland	FC	43.22	
Cerstock Investments	Poland	FC	43.22	
Noxwood Investments	Poland	FC	43.22	
Redwen Investments	Poland	FC	43.22	
Sardobal Investments	Poland	FC	43.22	
Kilmainham Property Holding	Ireland	FC	43.22	
Thommont Ltd	Ireland	FC	43.22	
Honeypool	Ireland	FC	43.22	
Ruhl Côte d'Azur	France	FC	43.22	100.00
SARL Loire	France	FC	43.22	42.30
Foncière Otello	France	FC	43.22	42.30
Hôtel René Clair	France	FC	43.22	42.30
Foncière Ulysse	France	FC	43.22	42.30
Ulysse Belgique	Belgium	FC	43.22	42.30
Ulysse Trefonds	Belgium	FC	43.22	42.30
Foncière No Bruxelles Grand Place	Belgium	FC	43.22	42.30
No Brussels Airport REITs	Belgium	FC	43.22	42.30
Foncière No Bruges Centre	Belgium	FC	43.22	42.30
Foncière Gand Centre	Belgium	FC	43.22	42.30
Foncière Gand Opéra	Belgium	FC	43.22	42.30
Foncière IB Bruxelles Grand-Place	Belgium	FC	43.22	42.30
Foncière IB Bruxelles Aéroport	Belgium	FC	43.22	42.30
Foncière IB Bruges Centre	Belgium	FC	43.22	42.30
Foncière Antwerp Centre	Belgium	FC	43.22	42.30
Foncière Bruxelles Expo Atomium	Belgium	FC	43.22	42.30
Foncière Manon	France	FC	43.22	42.30
Murdelux	Luxembourg	FC	43.22	42.30
Portmurs	Portugal	FC	43.22	42.30
Sunparks Oostduinkerke	Belgium	FC	43.22	42.30
Foncière Vielsam	Belgium	FC	43.22	42.30
Sunparks Trefonds	Belgium	FC	43.22	42.30
Foncière Kempense Meren	Belgium	FC	43.22	42.30
Iris Holding France	France	EM/EA	8.60	8.42
Foncière Iris SAS	France	EM/EA	8.60	8.42
Sables d'Olonne SAS	France	EM/EA	8.60	8.42

162 companies Hotels in Europe segment	Country	Consolidation method in 2019	Percentage held in 2019	Percentage held in 2018
OPCI Iris Invest 2010	France	EM/EA	8.60	8.42
Covivio Hotels Gestion Immobilière	France	FC	43.22	42.30
Tulipe Holding Belgique	Belgium	EM/EA	8.60	8.42
Iris Tréfonds	Belgium	EM/EA	8.60	8.42
Foncière Louvain Centre	Belgium	EM/EA	8.60	8.42
Foncière Liège	Belgium	EM/EA	8.60	8.42
Foncière Bruxelles Aéroport	Belgium	EM/EA	8.60	8.42
Foncière Bruxelles Sud	Belgium	EM/EA	8.60	8.42
Foncière Bruges Station	Belgium	EM/EA	8.60	8.42
Narcisse Holding Belgique	Belgium	EM/EA	8.60	8.42
Foncière Bruxelles Tour Noire	Belgium	EM/EA	8.60	8.42
Foncière Louvain	Belgium	EM/EA	8.60	8.42
Foncière Malines	Belgium	EM/EA	8.60	8.42
Foncière Bruxelles Centre Gare	Belgium	EM/EA	8.60	8.42
Foncière Namur	Belgium	EM/EA	8.60	8.42
Iris investor Holding GmbH	Germany	EM/EA	8.60	8.42
Iris General Partner GmbH	Germany	EM/EA	4.32	4.23
Iris Berlin GmbH	Germany	EM/EA	8.60	8.42
Iris Bochum & Essen	Germany	EM/EA	8.60	8.42
Iris Frankfurt GmbH	Germany	EM/EA	8.60	8.42
Iris Verwaltungs GmbH & co KG	Germany	EM/EA	8.60	8.42
Iris Nürnberg GmbH	Germany	EM/EA	8.60	8.42
Iris Stuttgart GmbH	Germany	EM/EA	8.60	8.42
B&B Invest Lux 1	Germany	FC	43.22	42.30
B&B Invest Lux 2	Germany	FC	43.22	42.30
B&B Invest Lux 3	Germany	FC	43.22	42.30
Campeli	France	EM/EA	8.60	8.42
OPCI Camp Invest	France	EM/EA	8.60	8.42
Dahlia	France	EM/EA	8.64	8.46
Foncière B2 Hôtel Invest	France	FC	21.70	21.24
OPCI B2 Hôtel Invest	France	FC	21.70	21.24
Foncière B3 Hôtel Invest	France	FC	21.70	21.24
B&B Invest Lux 4	Germany	FC	43.22	42.30
NH Amsterdam Center Hotel HLD	Netherlands	FC	43.22	42.30
Hotel Amsterdam Centre Propco	Netherlands	FC	43.22	42.30
Mo Lux 1	Luxembourg	FC	43.22	42.30
LHM Holding Lux SARL	Luxembourg	FC	43.22	42.30
LHM ProCo Lux SARL	Germany	FC	45.07	44.24
SCI Rosace	France	FC	43.22	42.30
Mo Dreilinden, Niederrad, Düsseldorf	Germany	FC	40.62	39.77
Mo Berlin	Germany	FC	40.62	39.77
Mo First Five	Germany	FC	42.36	41.59
Ringer	Germany	FC	43.22	42.30
B&B Invest Lux 5	Germany	FC	40.19	39.34

Companies Hotels in Europe segment	Country	Consolidation method in 2019	Percentage held in 2019	Percentage held in 2018
B&B Invest Lux 6	Germany	FC	40.19	39.34
SCI Hôtel Porte Dorée	France	FC	43.22	42.30
FDM M Lux	Luxembourg	FC	43.22	42.30
OPCO Rosace	France	FC	43.22	42.30
Exco Hôtel	Belgium	FC	43.22	42.30
Invest Hôtel	Belgium	FC	43.22	42.30
H Invest Lux	Luxembourg	FC	43.22	42.30
Hermitage Holdco	France	FC	43.22	42.30
Samoens SAS	France	FC	21.65	10.62
Foncière B4 Hôtel Invest	France	FC	21.70	21.24
B&B Invest Espagne SLU	Spain	FC	43.22	42.30
Rock-Lux	Luxembourg	FC	43.22	42.30
Société Liloise Investissement Immobilier Hôtelier SA	France	FC	43.22	42.30
Alliance et Compagnie SAS	France	FC	43.22	42.30
Berlin I (Propco Westin Grand Berlin)	Germany	FC	41.01	40.15
Opco Grand Hôtel Berlin Betriebs (Westin berlin)	Germany	FC	41.01	40.15
Berlin II (Propco Park Inn Alexanderplatz)	Germany	FC	41.01	40.15
Opco Hôtel Stadt Berlin Betriebs (Park-Inn)	Germany	FC	41.01	40.15
Berlin III (Propco Mercure Potsdam)	Germany	FC	41.01	40.15
Opco Hôtel Potsdam Betriebs (Mercure Potsdam)	Germany	FC	41.01	40.15
Dresden II (Propco Ibis Hôtel Dresden)	Germany	FC	41.01	40.15
Dresden III (Propco Ibis Hôtel Dresden)	Germany	FC	41.01	40.15
Dresden IV (Propco Ibis Hôtel Dresden)	Germany	FC	41.01	40.15
Opco BKL Hotelbetriebsgesellschaft (Dresden II to IV)	Germany	FC	41.01	40.15
Dresden V (Propco Pullman Newa Dresden)	Germany	FC	41.01	40.15
Opco Hôtel Newa Dresden Betriebs (Pullman)	Germany	FC	41.01	40.15
Leipzig I (Propco Westin Leipzig)	Germany	FC	41.01	40.15
Opco HotelgesellschaftGeberst, Betriebs (Westin Leipzig)	Germany	FC	41.01	40.15
Leipzig II (Propco Radisson Blu Leipzig)	Germany	FC	41.01	40.15
Opco Hôtel Deutschland Leipzig Betriebs (Radisson Blu)	Germany	FC	41.01	40.15
Erfurt I (Propco Radisson Blu Erfurt)	Germany	FC	41.01	40.15
Opco Hôtel Kosmos Erfurt (Radisson Blu)	Germany	FC	41.01	40.15
Airport Garden Hotel NV	Belgium	FC	43.22	42.30
H Invest Lux 2	Luxembourg	FC	43.22	42.30
Constance	France	FC	43.22	42.30
Hotel Amsterdam Noord FDM	Netherlands	FC	43.22	42.30
Hotel Amersfoort FDM	Netherlands	FC	43.22	42.30
Constance Lux 1	Luxembourg	FC	43.22	42.30
Constance Lux 2	Luxembourg	FC	43.22	42.30
So Hospitality	France	FC	43.22	42.30
Nice-M	France	FC	43.22	42.30
Investment FDM Rocatiera	Spain	FC	43.22	42.30
Bardiomar	Spain	FC	43.22	42.30
Trade Center Hotel	Spain	FC	43.22	42.30
Rock-Lux OPCO	Luxembourg	FC	43.22	42.30
Blythswood Square Hotel Holdco	UK	FC	43.22	42.30
George Hotel Investments Holdco	UK	FC	43.22	42.30

Companies Hotels in Europe segment	Country	Consolidation method in 2019	Percentage held in 2019	Percentage held in 2018
Grand Central Hotel Company Holdco	UK	FC	43.22	42.30
Grand Principal Birmingham Holdco	UK	FC	43.22	42.30
Lagonda Leeds Holdco	UK	FC	43.22	42.30
Lagonda Palace Holdco	UK	FC	43.22	42.30
Lagonda Russell Holdco	UK	FC	43.22	42.30
Lagonda York Holdco	UK	FC	43.22	42.30
Oxford Spires Hotel Holdco	UK	FC	43.22	42.30
Oxford Thames Holdco	UK	FC	43.22	42.30
Roxburghe Investments Holdco	UK	FC	43.22	42.30
The St David's Hotel Cardiff Holdco	UK	FC	43.22	42.30
Wotton House Properties Holdco	UK	FC	43.22	42.30
Blythswood Square Hotel Glasgow	UK	FC	43.22	42.30
George Hotel Investments	UK	FC	43.22	42.30
Grand Central Hotel Company	UK	FC	43.22	42.30
Lagonda Leeds PropCo	UK	FC	43.22	42.30
Lagonda Palace PropCo	UK	FC	43.22	42.30
Lagonda Russell PropCo	UK	FC	43.22	42.30
Lagonda York PropCo	UK	FC	43.22	42.30
Roxburghe Investments PropCo	UK	FC	43.22	42.30
The St David's Hotel Cardiff	UK	FC	43.22	42.30
Wotton House Properties	UK	FC	43.22	42.30
Roxburghe Investments Lux	Luxembourg	FC	43.22	42.30
HEM Diesterlkade Amsterdam BV	Netherlands	FC	43.22	42.30
Lambda Amsterdam BV	Netherlands	merged	-	42.30
Spiegelrei HLD SA	Belgium	liquidated	-	42.30
Dresden I (Propco Westin Bellevue)	Germany	disposed of	-	40.15
Opco Hôtel Bellevue Dresden Betriebs (Westein Bellevue)	Germany	disposed of	-	40.15
Foncière Développement Tourisme	France	merger	-	21.19

The registered office of the parent company Covivio Hotels and its main fully consolidated French subsidiaries is located at 30, avenue Kléber, 75116 Paris.

121 companies in the German Residential segment	Country	Consolidation method in 2019	Percentage held in 2019	Percentage held in 2018
Covivio Immobilien SE (Parent company) 99.74% controlled	Germany	FC	61.70	61.70
Covivio Alexanderplatz	Luxembourg	FC	100.00	
Covivio Rhenania 1	Germany	FC	65.57	
Covivio Rhenania 2	Germany	FC	65.57	
Covivio Prime Financing	Germany	FC	61.70	
Küchenwelt Berlin GmbH	Germany	FC	61.70	
Covivio Office Holding GmbH	Germany	FC	100.00	
Covivio Office Berlin GmbH	Germany	FC	100.00	
Rev Tino Schwierzina Strasse 32 Gundbesitz	Germany	FC	94.22	
Covivio Flohrstrasse 21	Germany	FC	100.00	
Realius Grundbesitz NRW	Germany	FC	67.49	
Eiger Propco SPV	Germany	FC	67.49	
Eiger II Propco	Germany	FC	67.49	
Covivio Immobilien	Germany	FC	61.70	61.70
Covivio Lux Residential	Germany	FC	63.66	63.66
Covivio Valore 4	Germany	FC	63.74	63.74
Covivio Wohnen Verwaltungs	Germany	FC	61.70	61.70
Covivio Grundstücks	Germany	FC	61.70	61.70
Covivio Grundvermögen	Germany	FC	61.70	61.70
Covivio Wohnen Service	Germany	FC	61.70	61.70
Covivio SE & CO KG 1	Germany	FC	61.70	61.70
Covivio SE & CO KG 2	Germany	FC	61.70	61.70
Covivio SE & CO KG 3	Germany	FC	61.70	61.70
Covivio SE & CO KG 4	Germany	FC	61.70	61.70
Covivio Zehnte GMBH	Germany	FC	100.00	100.00
IW-FDL Beteiligungs GmbH & Co KG	Germany	FC	100.00	100.00
Covivio Wohnen	Germany	FC	61.70	61.70
Covivio Gesellschaft für Wohnen Datteln	Germany	FC	64.00	64.00
Covivio Stadthaus	Germany	FC	64.00	64.00
Covivio Wohnbau	Germany	FC	67.83	67.83
Covivio Wohnungsgesellschaft GMBH Dümpten	Germany	FC	67.83	67.83
Covivio Berolinum 2	Germany	FC	63.66	63.66
Covivio Berolinum 3	Germany	FC	63.66	63.65
Covivio Berolinum 1	Germany	FC	63.66	63.66
Covivio Remscheid	Germany	FC	63.66	63.66
Covivio Valore 6	Germany	FC	63.74	63.74
Covivio Holding	Germany	FC	100.00	100.00
Covivio Immobilien Se & Co KG Residential	Germany	FC	61.70	61.70
Covivio Berlin 67 GmbH	Germany	FC	64.00	64.00
Covivio Berlin 78 GmbH	Germany	FC	64.00	64.00
Covivio Berlin 79 GmbH	Germany	FC	64.00	64.00
Covivio Dresden GmbH	Germany	FC	63.66	63.66
Covivio Berlin I SARL	Germany	FC	63.66	63.66

121 companies in the German Residential segment	Country	Consolidation method in 2019	Percentage held in 2019	Percentage held in 2018
Covivio Berlin V SARL	Germany	FC	63.85	63.85
Covivio Berlin C GMBH	Germany	FC	63.66	63.66
Covivio Dansk Holding Aps	Denmark	FC	61.70	61.70
Covivio Dasnk L Aps	Germany	FC	63.66	63.66
Covivio Berlin Prime	Germany	FC	65.53	65.53
Berlin Prime Commercial	Germany	FC	63.66	63.66
Acopio	Germany	FC	100.00	100.00
Covivio Hamburg Holding ApS	Denmark	FC	65.57	65.57
Covivio Hamburg 1 ApS	Germany	FC	65.57	65.57
Covivio Hamburg 2 ApS	Germany	FC	65.57	65.57
Covivio Hamburg 3 ApS	Germany	FC	65.57	65.57
Covivio Hamburg 4 ApS	Germany	FC	65.57	65.57
Covivio North ApS	Germany	FC	65.57	65.57
Covivio Arian	Germany	FC	65.53	65.53
Covivio Bennet	Germany	FC	65.53	65.53
Covivio Marien-Carré	Germany	FC	65.57	65.57
Covivio Berlin IV ApS	Denmark	FC	61.70	61.70
Covivio Lux	Luxembourg	FC	100.00	100.00
Covivio Berolina Verwaltungs GmbH	Germany	FC	63.66	63.66
Residenz Berolina GmbH & Co KG	Germany	FC	65.51	65.51
Covivio Quadrigua IV GmbH	Germany	FC	63.66	63.66
Real Property Versicherungsmakler	Germany	FC	61.70	61.70
Covivio Quadrigua 15	Germany	FC	65.51	65.51
Covivio Quadrigua 45	Germany	FC	65.51	65.51
Covivio Quadrigua 36	Germany	FC	65.51	65.51
Covivio Quadrigua 46	Germany	FC	65.51	65.51
Covivio Quadrigua 40	Germany	FC	65.51	65.51
Covivio Quadrigua 47	Germany	FC	65.51	65.51
Covivio Quadrigua 48	Germany	FC	65.51	65.51
Covivio Fischerinsel	Germany	FC	65.57	65.57
Covivio Berolina Fischerinsel	Germany	FC	65.57	65.57
Covivio Berlin Home	Germany	FC	65.57	65.57
Amber Properties Sarl	Germany	FC	65.53	65.53
Covivio Gettmore	Germany	FC	65.53	65.53
Saturn Properties Sarl	Germany	FC	65.53	65.53
Venus Properties Sarl	Germany	FC	65.53	65.53
Covivio Vinetree	Germany	FC	65.53	65.53
Acopio Facility	Germany	FC	65.53	65.53
Covivio Development	Germany	FC	61.70	61.70
Covivio Rehbergen	Germany	FC	65.57	65.57
Covivio Handlesliegenschaften	Germany	FC	65.57	65.57
Covivio Alexandrinenstrasse	Germany	FC	65.57	65.57
Covivio Spree Wohnen 1	Germany	FC	65.53	65.53
Covivio Spree Wohnen 2	Germany	FC	65.53	65.53

Companies in the German Residential segment	Country	Consolidation method in 2019	Percentage held in 2019	Percentage held in 2018
Covivio Spree Wohnen 6	Germany	FC	65.53	65.53
Covivio Spree Wohnen 7	Germany	FC	65.53	65.53
Covivio Spree Wohnen 8	Germany	FC	65.53	65.53
Nordens Immobilien III	Germany	FC	65.53	65.53
Montana-Portfolio	Germany	FC	65.53	65.53
Covivio Cantianstrasse 18 Grundbesitz	Germany	FC	65.53	65.53
Covivio Konstanzer Str.54/Zahringerstr.28, 28a Grundbesitz	Germany	FC	65.53	65.53
Covivio Mariend.Damm28/Markgrafenstr.17 Grundbesitz	Germany	FC	65.53	65.53
Covivio Markstrasse 3 Grundbesitz	Germany	FC	65.53	65.53
Covivio Schnellerstrasse 44 Grundbesitz	Germany	FC	65.53	65.53
Covivio Schönwalder Str.69 Grundbesitz	Germany	FC	65.53	65.53
Covivio Schulstrasse 16/17Grundbesitz	Germany	FC	65.53	65.53
Covivio Sophie-Charlotten Strasse 31, 32 Grundbesitz	Germany	FC	65.53	65.53
Covivio Yorckstrasse 60 Grundbesitz	Germany	FC	65.53	65.53
Covivio Zelterstrasse 3 Grundbesitz	Germany	FC	65.53	65.53
Covivio Zinshäuser Alpha	Germany	FC	65.53	65.53
Covivio Zinshäuser Gamma	Germany	FC	65.53	65.53
Second Ragland	Germany	FC	65.53	65.53
Seed Portfolio 2	Germany	FC	65.53	65.53
Erz 1	Germany	FC	65.53	65.53
Covivio Berlin 9	Germany	FC	65.53	65.53
Erz 2	Germany	FC	65.53	65.53
Best Place Bestand	Germany	FC	31.47	31.47
Covivio Berlin 8	Germany	FC	65.53	65.53
Covivio Selectimmo.de	Germany	FC	65.57	65.57
Covivio Prenzlauer Promenade 49 Besitzgesellschaft	Germany	FC	65.53	65.53
Mecau Bau	Germany	FC	52.45	61.70
Covivio Blankenburger Str.	Germany	FC	65.57	65.57
Covivio Immobilien Financing	Germany	FC	65.53	65.53
Covivio Treskowallee 202 Entwicklungsgesellschaft	Germany	FC	65.57	65.57
Covivio Alexanderplatz	Germany	FC	100.00	100.00
Covivio Hathor Berlin	Germany	FC	65.57	65.57
Covivio Hathor Deutschland	Germany	FC	65.57	65.57
Covivio HansasträÙe 253	Germany	FC	65.57	65.57
Sewoge Service – Und Wohnungsunternehmen	Germany	disposed of	-	65.53
Seed Portfolio	Germany	merged	-	60.43

The registered office of the parent company Covivio Immobilien SE is at Kleplerstrasse 110-112 – 45147 Essen.

16 companies in Other segment (France Residential, Car parks, Services)	Country	Consolidation method in 2019	Percentage held in 2019	Percentage held in 2018
4 companies in France Residential:				
Foncière Développement Logements (Parent company) 100% controlled	France	FC	100.00	100.00
Batisica	Luxembourg	FC	100.00	100.00
Dulud	France	FC	100.00	100.00
Iméfa 95	France	FC	100.00	100.00
Iméfa 71	France	merger	-	100.00
24-26 rue Duranton	France	merger	-	100.00
Le Chesnay 1	France	merger	-	100.00
Rueil 1	France	merger	-	100.00
Saint Maurice 2	France	merger	-	100.00
Suresnes 2	France	merger	-	100.00
25 rue Gutenberg	France	merger	-	100.00
Iméfa 46	France	merger	-	100.00
6 Car parks companies:				
République (Parent company) 100% controlled	France	FC	100.00	100.00
Esplanade Belvédère II	France	FC	100.00	100.00
Comédie	France	FC	100.00	100.00
Gare	France	FC	50.80	50.80
Gespar	France	FC	50.00	50.00
Trinité	France	FC	100.00	100.00
6 Services companies:				
Covivio Hotels Management	France	FC	100.00	100.00
Covivio Property SNC	France	FC	100.00	100.00
Covivio Développement	France	FC	100.00	100.00
Covivio SGP	France	FC	100.00	100.00
Covivio Proptech	France	FC	100.00	100.00
Covivio Proptech Germany	Germany	FC	100.00	100.00

FC: Full consolidation.
EM/EA: Equity Method – Affiliates.
EM/JV: Equity Method – Joint Ventures.
NC: Not Consolidated.
PC: Proportionate Consolidation.

The registered office of the parent company Foncière Développement Logements and of all its fully consolidated French subsidiaries is located at 30, avenue Kléber – 75116 Paris.

There are 416 companies in the Group, including 366 fully consolidated companies and 50 equity affiliates.

3.2.3.6. Evaluation of control

Considering the rules of governance that grant Covivio powers giving it the ability to affect asset yields, the following companies are fully consolidated.

SCI 11 place de l'Europe (consolidated structured entity)

As at 31 December 2019, SCI 11 place de l'Europe was 50.1% held by Covivio and fully consolidated. The partnership with the Crédit Agricole Assurances Group (49.9%) was established as of 2013 as part of the Campus Eiffage project in Vélizy.

SNC Latécoère and Latécoère 2 (consolidated structured entities)

SCI Latécoère and Latécoère 2 are 50.1% held by Covivio at 31 December 2019 and fully consolidated. The partnership with the Crédit Agricole Assurances Group (49.9%) was established in 2012 and 2015 as part of the Dassault Systèmes Campus and Dassault Extension projects in Vélizy.

SCIs of 9 and 15 rue des Cuirassiers (consolidated structured entities)

As at 31 December 2019, the SCIs of 9 and 15 rue des Cuirassiers were 50.1% held by Covivio and fully consolidated. The partnership with Assurances du Crédit Mutuel (49.9%) was created in early December 2017 as part of the Silex 1 and Silex 2 office projects in Lyon, Part-Dieu.

SAS 6 rue Fructidor (consolidated structured entities)

On 29 October 2019 a partnership was signed by Covivio and Crédit Agricole Assurances with a view to sharing the Saint-Ouen SO POP development project, held by the company 6, rue Fructidor. This company, the owner of a plot in St-Ouen for the construction of a new office building (31,600 m² in floor space for offices and services, seven storeys, 249 parking spaces). The building permit was obtained on 20 May 2019 and construction is due to be finalised in the third quarter of 2021.

Construction work was completed on a building as part of a CPI signed on 29 October 2019 by Fructidor and Fructipromo.

As at 31 December 2019, the company 6 rue Fructidor was 50.1% held by Covivio and fully consolidated.

SCI N2 Batignolles and SNC Batignolles Promo (consolidated structured entities)

SCI N2 Batignolles and SNC Batignolles Promo are 50% held by Covivio at 31 December 2019 and fully consolidated. The partnership with Assurances du Crédit Mutuel (50%) was established in 2018 as part of the N2 Batignolles development project.

SAS Samoëns (consolidated structured entity)

As at 31 December 2019, SAS Samoëns was 50.10% held by Covivio Hotels and fully consolidated. The partnership with Assurances du Crédit Mutuel (49.9%) was established as of October 2016 as part of the project to develop a Club Med holiday village in Samoëns.

As manager of Samoëns, Covivio Hotels has the widest powers to act in the name and on behalf of the company in all circumstances, in keeping with its corporate purpose.

The partnership meets the criteria of a joint venture when the parties exercising joint control have rights to net assets of the partnership arrangement. The following companies are consolidated by the equity method.

SCI Lenovilla (joint venture)

As at 31 December 2019, Lenovilla was 50.09% held by Covivio and is consolidated according to the equity method. The partnership with the Crédit Agricole Assurances Group (49.91%) was established in January 2013 as part of the New Vélizy (Campus Thales) project. The shareholder agreement stipulates that decisions be made unanimously.

SCI Cœur d'Orly Bureaux (joint venture)

SCI Cœur d'Orly Bureaux is 50% held by Covivio and 50% by Aéroports de Paris at 31 December 2019 and consolidated by the equity method. On 10 March 2008, the shareholders signed a memorandum of understanding, subsequently amended by a succession of deeds and by partnership agreements which set out the partners' rights and obligations with respect to SCI Cœur d'Orly Bureaux.

The ADP Group (as land developer and joint investor) and Covivio (as property developer and joint investor) signed the required deeds for the construction of the Belaïa office building at Cœur d'Orly, the business district of the Paris-Orly airport. The completion of this building is scheduled for the second half of 2020.

3.2.4. Significant events during the period

Significant events during the period were as follows:

3.2.4.1. France Offices

3.2.4.1.1. Disposals (€286 million – profit or loss on disposals net of fees: +€3 million) and assets under preliminary sale agreements (€55 million)

In 2019, Covivio sold assets for a sale price of €286 million, including the assets Charenton Coupole Nord and Sud (€54 million), Talence Libération (€7 million), Green Corner (€167 million), Roubaix Quatuor (€21 million) and Reims New Saint Charles (€21 million). These disposals resulted in net income of €3.3 million.

At 31 December 2019, the amount of assets under agreement totalled €55 million.

3.2.4.1.2. Acquisitions (€79 million)

In 2019, Covivio acquired land in Vélizy-Villacoublay for €13.1 million, for an extension to the Dassault Systèmes Campus through the construction of a new 27,600 m² building.

In June 2019, SCI Terres Neuves, a subsidiary of Covivio, acquired land in Bègles for €2.4 million for the extension to the Bordeaux Cité Numérique project.

In December 2019, SCI N2 Batignolles, a Covivio subsidiary, acquired lot N2 of the ZAC Clichy Batignolles for €64.2 million with a view to building a 15,900 m² property in partnership with Assurances du Crédit Mutuel.

3.2.4.1.3. Development portfolio

The asset development programme is presented in note 3.2.5.1.5.

2019 was marked by the delivery of two development projects.

The 9,000 m² Hélios project in Villeneuve-d'Ascq was delivered in March 2019. Certified HQE Excellent and compliant with RT 2012, this project comprises two buildings linked by a central hall that opens at one corner onto green space and a two-storey car park. It is let in full under a nine-year firm lease to IT-CE, an IT subsidiary of the Caisse d'Épargne Group.

In May 2019, the remaining 19,223 m² of the Bordeaux Cité Numérique project was delivered. The first 4,000 m² of this project was delivered in July 2018. This symbol of the "French Tech Bordeaux Métropole" label occupies the former postal sorting office in Bègles.

3.2.4.1.4. Refinancing and redemption

On 27 May 2019, the bond maturing in 2021 was redeemed early (–€226.9 million).

In February, March and April 2019, Covivio converted 1,670,419 ORNANE-type bonds and redeemed 67,442 bonds on maturity, i.e. a €147.3 million reduction in the bond (par value of €84.73 per bond). The conversion of the bonds gave rise to the creation of 298,053 new Covivio shares, representing a capital increase of €27.2 million.

In September, Covivio issued its second Green Bond of €500 million, maturing in 2031 and offering a 1.125% coupon.

3.2.4.2. Italy Offices

3.2.4.2.1. Disposals (€344 million – profit or loss on disposals net of fees: –€24 million) and assets under preliminary agreement (€100 million)

In 2019, non-strategic assets were sold for a total sale price of €343.9 million, including the Via Montebello property in Milan.

As at 31 December 2019, assets under preliminary agreement amounted to €100.2 million.

3.2.4.2.2. Acquisitions (€39 million)

In January 2019, a plot of land was acquired in Milan for €14.7 million, a key part of the development project via Schievano/ via Santander (The Sign D) in Milan.

In April 2019, a 75%-owned Italian subsidiary acquired a portfolio of real estate assets for €11.6 million.

In September 2019, an investment property was acquired in Livourne for €12.8 million.

3.2.4.2.3. Renegotiation and repayment of debts

In May 2019, Covivio (formerly Beni Stabili) prepaid a loan with a nominal value of €195 million and a rate of 1.2%.

In the third quarter of 2019, a loan with a nominal value of €97 million and a rate of 1.2% was prepaid.

These two loans were renegotiated in the first quarter of 2019, resulting in a reduction in rate from 1.4% to 1.2%.

In September 2019, Covivio (formerly Beni Stabili) repaid early a loan with a nominal value of €86.

3.2.4.3. Hotels in Europe

3.2.4.3.1. Disposals of assets (€396 million – profit or loss on disposals net of fees: +€13 million) and assets under preliminary agreement (€133 million)

In 2019, Covivio Hotels sold two portfolios of B&B assets it held in partnership in France, one of 58 hotels, for €265 million in June, and the other 30 hotels for €113 million in December as well as Novotel Lyon Part Dieu for €18 million.

At 31 December 2019, preliminary sale agreements totalled to €132.6 million, including 11 B&B assets in Germany for €114 million and four B&B assets in France for €5 million as well as an Accor asset for €12.6 million and a non-strategic asset for €1 million.

In 2019, Covivio Hotels also sold two companies that held and operated a hotel real estate (Westin Dresden) in Germany via a management contract with Westin, for net proceeds on disposal of €4.1 million.

3.2.4.3.2. Acquisitions (securities: €322 million – assets: €24 million)

In February 2019, the last two hotels in the portfolio located in the United Kingdom were acquired for €84 million (Oxford Spires and Oxford Thames). These hotels were constructed on land leased for a firm residual term of 78 years, leading to the recognition of €15.7 million in rights-of-use under long-term leases conferring ad rem rights, in accordance with IFRS 16.

In March 2019, Covivio Hotels acquired the securities of a company holding an NH hotel in Amersfoort for €12.5 million.

On 1 July 2019, Covivio Hotels acquired Axa France's 32% share in a portfolio of hotel real estate for €171 million (including €8 million in deferred tax liabilities). It comprises 32 hotels leased to Accor, located in major French cities, and two hotels in Belgium.

In November 2019, Covivio Hotels acquired shares in companies with a Hilton Hotel in Dublin operated as Operating Properties for €54 million.

In the fourth quarter of 2019, three B&B hotels in Poland were acquired for €24 million.

3.2.4.3.3. Development portfolio

2019 was marked by the delivery of four development projects: the Meininger Hotel in Munich, the B&B Hotel in Cergy, the Meininger Hotel Porte de Vincennes in Paris and the B&B Hotel Zimmerman in Lyon.

3.2.4.3.4. Refinancing and redemption

In early 2019, Covivio Hotels repaid its German Operating Properties bank debt of €408 million in full. A new loan of €258 million was taken out for this portfolio in December 2019 to be drawn in early 2020.

In February 2019, Covivio Hotels made an additional drawdown of £31 million (€36 million) on the bank borrowings of £400 million with an 8-year term (£369 million already drawn down in 2018).

In June 2019, Covivio Hotels issued a €70 million loan for two German companies and two Dutch companies, with a term of 10 years.

In 2019, the disposal of B&B assets generated a partial repayment of the debt in the amount of €148 million.

3.2.4.4. Germany Residential

3.2.4.4.1. Asset disposals (€73 million – income from disposals: +€11 million) and assets under preliminary sale agreements (€11 million)

Disposals worth €73 million were completed in 2019, mainly in Berlin.

At 31 December 2019, the amount of assets under agreement totalled €11 million (net of costs).

In the second quarter of 2019, Covivio Immobilien also sold 80% of Sewoge which held and operated a portfolio of assets in Berlin with €3 million in income from disposal.

3.2.4.4.2. Acquisitions (securities: €145 million – assets: €93 million)

In 2019, Covivio Immobilien acquired holding companies for €145.2 million.

The Group also acquired a portfolio of directly held assets in Berlin for €92.7 million (including €83.5 million in assets for the promotion business). A deposit of €1 million had been paid in 2018.

3.2.4.5. Other (including France Residential)

3.2.4.5.1. Asset disposals (€178 million net of costs) and assets under sales commitments (€26 million)

In France, Foncière Développement Logements continued its sales plan and completed disposals for a sale price of €178.3 million (net of costs).

At 31 December 2019, the amount of assets under agreement totalled €25.9 million.

3.2.5. Notes to the statement of financial position

3.2.5.1. Portfolio

3.2.5.1.1. Accounting principles applicable to tangible and intangible fixed assets

Intangible assets

Identifiable intangible fixed assets are amortised on a straight-line basis over their expected useful lives. Intangible fixed assets acquired are recorded on the balance sheet at acquisition cost. They primarily include entry fees (and occupancy rights for car parks) and computer software.

Intangible fixed assets are amortised on a straight-line basis, as follows:

- Software: over a period of 1 to 3 years
- Occupancy rights: 30 years.

Fixed assets in the concession segment – Concession activity

The Covivio Group applies IFRIC 12 in the consolidated financial statements for car parks that are the subject of service concession agreements. An analysis of the Group's concession agreements results in classifying agreements as intangible assets as the Group is paid directly by users for all car parks operated without a subsidy from public authorities. These concession assets are assessed at historical cost less accumulated depreciation and any impairment.

The Group no longer has any fully owned car parks and consequently there are no longer any tangible "Car park" assets, other than right-of-use assets related to leases under IFRS 16.

Business combinations (IFRS 3) and goodwill from acquisitions

An entity must determine whether a transaction or event constitutes a business combination within the meaning of the definition of IFRS 3, which stipulates that a business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return directly to investors in the form of dividends, lower costs or other economic advantages.

In this case, the acquisition cost is set at the fair value on the date of the exchange of the assets and liabilities and equity instruments issued for the purpose of acquiring the entity. Goodwill is recognised as an asset for the surplus of the acquisition cost on the portion of the buyer's interest in the fair value of the assets and liabilities acquired, net of any deferred taxes. Negative goodwill is recorded in the income statement.

To determine whether a transaction constitutes a business combination, the Group considers whether an integrated set of businesses is acquired in addition to real estate. The criteria the Group uses may be the number of assets and the existence of a process such as asset management or sales and marketing units.

Related acquisition costs are recognised in expense in accordance with IFRS 3 under "Income from changes in consolidation scope" in the income statement.

The prospective additional costs are appraised at fair value at the acquisition date. They are definitely appraised in the 12 months following the acquisition. The subsequent change of these additional costs is recorded in the income statement.

After its initial recognition, the goodwill is subject to an impairment test at least once a year. The impairment test consists in comparing the net book value of the intangible and tangible fixed assets and goodwill related to the valuation of the hotels as "Operating Properties" made by the real estate appraisers.

If the Group concludes that the transaction is not a business combination, then it recognises the transaction as an acquisition of assets and applies the standards appropriate to acquired assets.

Investment properties (IAS 40)

Investment properties are real estate properties held for purposes of leasing within the context of operating leases or long-term capital appreciation (or both).

Investment properties represent the majority of the Group's portfolio. The buildings occupied or operated by the Covivio Group employees – own occupied buildings – are recognised under tangible fixed assets (office properties occupied by employees, spaces used for own Flex Office, hotel real estate managed by the Operating Properties business).

Under the option offered by IAS 40, investment properties are assessed at their fair value. Changes in fair value are recorded in the income statement. Investment property is not amortised.

Valuations are carried out in accordance with the Code of conduct applicable to SIIcs, 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 International Valuation Standards Council (IVSC) and those of the Red Book 2014 of the Royal Institution of Chartered Surveyors (RICS).

The real estate portfolio directly held by the Group was appraised in full at 31 December 2019 by independent real estate experts including BNP Real Estate, JLL, CBRE, Cushman, CFE, MKG, VIF, REAG, Christie & CO and HVS.

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 flows method.

The assets are recognised at their net market value.

- For France Offices and Italy Offices, the valuations are primarily performed according to two methods:
 - the yield (or income capitalisation) method:

This approach consists of capitalising an annual income, which, in general, is rental income from occupied assets, with the possible impact of a reversion potential, and market rent for vacant assets, taking into account the time needed to find new tenants, any renovation work and other costs
 - the discounted cash flow (DCF) method:

This method consists of determining the useful value of an asset by discounting the forecast cash flows that it is likely to generate over a given time frame. The discount rate is determined on the basis of the risk-free rate plus a risk premium associated with the asset and defined by comparison with the discount rates applied to cash flows generated by similar assets.
- For Hotels in Europe, the methodology changes according to the type of assets:
 - the rent capitalisation method is used for restaurants, garden centres and Club Med holiday villages
 - the DCF method is used for hotels (including the revenue forecasts determined by the appraiser) and Sunparks holiday villages.

- For Germany Residential, the fair value determined corresponds to:

- a block value for assets for which no sales strategy has been developed or which have not been marketed
- an occupied retail value for assets on which at least one preliminary sale agreement has been made before the reporting date.

The evaluation method used was the discounted cash flow method.

The resulting values are also compared with the initial yield rate and the monetary values per square metre of comparable transactions and transactions carried out by the Group.

IFRS 13 "Fair Value Measurement" establishes a fair value hierarchy that categorises the inputs used in valuation techniques into three levels:

- level 1: the valuation refers to quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- level 2: the valuation refers to valuation methods using inputs that are observable for the asset or liability, either directly or indirectly, in an active market
- level 3: the valuation refers to valuation methods using inputs that are unobservable in an active market.

The fair value measurement of investment properties requires the use of different valuation methods using unobservable or observable inputs to which some adjustments have been applied. Accordingly, the Group's portfolio is mainly categorised as level 3 according to the IFRS 13 fair value hierarchy.

Assets under development (IAS 40)

Assets under construction are recognised according to the general fair-value principle, except where it is not possible to determine this fair value on a reliable and ongoing basis. In such cases, the asset is carried at cost.

As a result, development programmes and extensions or remodelling of existing assets that are not yet commissioned are recognised at their fair value and are treated as investment properties whenever the administrative and technical fair-value reliability criteria – i.e. administrative, technical and commercial criteria – are met.

In accordance with revised IAS 23, the borrowing cost during a period of construction and renovation is included in the cost of the assets. The capitalised amount is determined on the basis of fees paid for specific borrowings and, where applicable, for financing from general borrowings based on the weighted average rate of the particular debt.

Right-of-use (IFRS 16)

In application of IFRS 16, when a movable or immovable asset is held under a lease, the lessee is required to recognise a right-of-use asset and a rental liability, at amortised cost.

Right-of-use assets are included in the items under which the corresponding underlying assets are presented, if they belonged thereto, namely the items Operating properties, Other tangible fixed assets and Investment properties.

The lessee depreciates the right-of-use on a straight-line basis over the term of the lease, except for rights relating to investment properties, which are measured at fair value.

Tangible fixed assets (IAS 16)

Pursuant to the preferred method proposed by IAS 16, operating buildings (head offices and Flex Office business) and managed hotels under the Operating Properties business line (owner occupied buildings – occupied or operated by Group employees) are carried at historical cost less accumulated depreciation and any potential impairment. They are amortised over their expected useful life according to a component-based approach.

The hotels operated as Operating Properties are depreciated according to their period of use:

Buildings	50 to 60 years
General installations and layout of the buildings	10 to 30 years
Equipment and furniture	3 to 20 years

If the appraisal values of the Operating Properties is less than the net book value, impairment is recognised, as a priority on the value of the fund, then on the value of the tangible fixed assets.

Non-current assets held for sale (IFRS 5)

In accordance with IFRS 5, when Covivio decides to dispose of an asset or group of assets, it classifies them as assets held for sale if:

- the asset or group of assets is available for immediate sale in its current condition, subject only to normal and customary conditions for the sale of such assets
- its or their sale is likely within one year and marketing for the property has been initiated.

For the Covivio group, only assets corresponding to the above criteria or for which a sale commitment has been signed are classified as assets held for sale.

If a sale commitment exists on the account closing date, the price of the commitment net of expenses constitutes the fair value of the asset held for sale.

3.2.5.1.2. Table of changes in fixed assets

(€K)	31/12/2018	Scope change & change in accounting method	Increase/Charges	Disposal/Reversals of provisions	Change in fair value	Transfers	Change in exchange rate	31/12/2019
Goodwill	113,064	-3,946	-2,195	0	0	36,363⁽¹⁾	0	143,286
Intangible assets	59,138	6	1,385	-695	0	-36,363	0	23,471⁽²⁾
Gross amounts	125,599	-145	5,212	-1,674	0	-36,371 ⁽¹⁾	0	92,621
Depreciation	-66,461	151	-3,827	979	0	8	0	-69,150
Tangible fixed assets	1,241,675	94,200	-7,855	-2,544	0	163,966	1	1,489,442
Operating properties	1,181,280	92,122	-37,665	2,200	0	171,770	0	1,409,707
Gross amounts	1,454,651	56,471	13,267	-4,000	0	178,060 ⁽³⁾	0	1,698,449
Depreciation	-273,371	35,651	-50,932	6,200	0	-6,290	0	-288,742
Other tangible fixed assets	35,443	2,078	4,077	-247	0	504	0	41,855
Gross amounts	167,048	-8,596	14,630	-4,304	0	470	0	169,248
Depreciation	-131,605	10,674	-10,553	4,057	0	34	0	-127,393
Fixed assets in progress	24,952	0	25,733	-4,497	0	-8,308	0	37,880
Gross amounts	24,952	0	25,733 ⁽⁴⁾	-4,497	0	-8,308	0	37,880
Depreciation	0	0	0	0	0	0	0	0
Investment properties	20,139,338	239,467	666,355	-362,849	986,116	-885,832	55,286	20,837,882
Operating properties	19,269,751	239,467	262,280	-362,849	726,346	-685,976	55,286	19,504,306
Properties under development	869,587	0	404,075	0	259,770	-199,856	0	1,333,576
Assets held for sale	558,848	0	1,654	-890,201	17,519	636,472	0	324,292
Assets held for sale	558,848	0	1,654	-890,201	17,519	636,472	0	324,292
TOTAL	22,112,063	329,727	659,344	-1,256,289	1,003,635	-85,394	55,286	22,818,374

(1) The reclassification of €36.4 million corresponds to the business assets of the Hermitage portfolio, reclassified as goodwill.

(2) The "Intangible fixed assets" line includes in particular the car park concession assets and leases in the amount of €18 million.

(3) Of which transfer to operating properties of the future Covivio headquarters (+€133.9 million), Flex Office assets, Paris Gobelins (+€35.2 million) and Milan, via Dante (+€50.3 million) and transfer to investment properties of the Alexanderplatz plot (-€43.4 million).

(4) Of which work on German Residential assets (€10.9 million), Operating Property assets (€3.1 million) and the future Covivio headquarters (€6.7 million) and Paris Gobelins (€5.4 million). Fixed assets in progress also include instalments paid on Office asset acquisitions in Italy (€0.4 million) and on Office asset acquisitions in France (€1 million).

Changes in the scope of tangible and intangible fixed assets relate mainly to the disposal of the Westin Dresden asset (-€42.8 million), to the acquisition of the Hilton Hotel in Dublin (+€53.8 million) and to the change in the accounting method for the first-time application of IFRS 16 for €77.4 million (see 3.2.1.2).

The total of the transfer column (-€88.7 million) corresponds primarily to assets transferred as real estate development stock.

The hotels portfolio held as Operating Properties totalled €1,049.3 million at 31 December 2019. In accordance with IAS 16, they are recognised in the "Tangible fixed assets" line.

The "Disbursements related to the acquisition of tangible and intangible fixed assets" line on the Statement of Cash Flows (€674.2 million) refers to increases in the table of changes in the portfolio excluding the effect of depreciation (€726.9 million), to increases in inventories of the estate agent and developer (+€8.3 million) adjusted for change in trade payables for fixed assets (-€7 million) and restatements for step rental schemes and rent exemptions (-€52.9 million).

The "Proceeds relating to the disposal of tangible and intangible fixed assets" line in the Statement of Cash Flows (€1,198.6 million) primarily corresponds to income from disposals as presented in section 3.2.6.3. Proceeds from the disposal of assets (€1,257.5 million), to the proceeds from the disposal of assets in inventory (€2 million) and restated for the change in receivables on asset disposals (-€60.8 million).

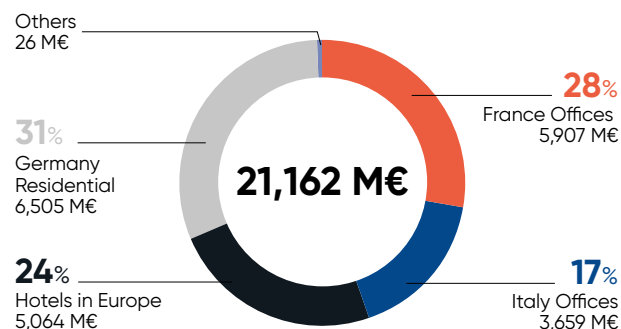
3.2.5.1.3. Investment properties

(€K)	31/12/2018	Scope change & change in accounting method	Increase	Disposal	Change in fair value	Transfers and disposals	Change in exchange rate	31/12/2019
Investment properties	20,139,338	239,467	666,355	-362,849	986,116	-885,832	55,286	20,837,882
Operating properties	19,269,751	239,467	262,280	-362,849	726,346	-685,976	55,286	19,504,306
France Offices	5,411,745	-11,600	54,560	0	26,241	-496,807	0	4,984,139
Italy Offices	3,602,273	0	39,925	-362,849	-9,854	-89,630	0	3,179,865
Hotels in Europe	4,532,777	139,729	51,664	0	195,964	-53,527	55,286	4,921,894
Germany Residential	5,722,956	111,338	116,131	0	513,995	-46,012	0	6,418,408
Properties under development	869,587	0	404,075	0	259,770	-199,856	0	1,333,576
France Offices	373,752	0	291,049	0	204,849	-1,330	0	868,320
Italy Offices	380,502	0	88,963	0	16,101	-106,297	0	379,269
Hotels in Europe	115,333	0	10,062	0	23,478	-138,943	0	9,930
Germany Residential	0	0	14,001	0	15,342	46,714	0	76,057
Assets held for sale	558,848	0	1,654	-890,201	17,519	636,472	0	324,292
France Offices	35,392	0	-190	-277,253	-50	297,130	0	55,029
Italy Offices	43	0	-3	-43	-15,864	116,072	0	100,205
Hotels in Europe	288,072	0	1,014	-379,793	30,964	192,381	0	132,638
Germany Residential	29,664	0	450	-53,852	3,365	30,889	0	10,516
Other	205,677	0	383	-179,260	-896	0	0	25,904
TOTAL	20,698,186	239,467⁽¹⁾	668,009⁽¹⁾	-1,253,050	1,003,635	-249,360	55,286	21,162,174

(1) Details of the increases and changes in the scope of the investment properties and assets held for sale are shown in section 3.2.5.1.4.

The amounts in the "disposals" column correspond to the appraisal figures published on 31 December 2018.

■ Consolidated portfolio of assets at 31 December 2019 (in €M):



The Group has not identified the best use of an asset as being different from its current use. Consequently, the application of IFRS 13 did not lead to a modification of the assumptions used for the valuation of assets.

In accordance with IFRS 13, the tables below provide details of the ranges of unobservable inputs by business segment (level 3) used by the real estate appraisers:

France Offices, Italy Offices and Hotels in Europe

Grouping of similar assets	Level	Portfolio (€M)	Yield rate excluding duties (min.-max.)	Yield rate excluding duties (weighted average)	Discounted cash flow rate	Discounted cash flow rate (weighted average)
Paris Centre West	Level 3	1,089	2.8% – 7.2%	3,2%	3.7% – 7.0%	5.0%
Paris North East	Level 3	412	3.6% – 4.2%	5,1%	4.0% – 4.7%	4.3%
Southern Paris	Level 3	713	3.1% – 5.7%	4,7%	3.7% – 5.7%	4.7%
Western Crescent	Level 3	1,590	3.6% – 7.7%	4,8%	3.7% – 7.5%	5.3%
Inner rim	Level 3	1,215	3.2% – 6.2%	5,8%	4.0% – 7.7%	5.7%
Outer rim	Level 3	54	4.6% – 13.1%	9,6%	4.2% – 9.5%	5.5%
Total Paris Regions		5,073	2.8% – 13.1%		3.7% – 9.5%	
Major Regional Cities	Level 3	698	3.9% – 11.7%	6,6%	4.0% – 11.5%	5.5%
Regions	Level 3	137	6.4% – 14.3%	9,4%	4.2% – 12.2%	9.0%
Total Regions		835	3.9% – 14.3%		4.0% – 12.2%	
TOTAL FRANCE OFFICES		5,907	2.8% – 14.3%		3.7% – 12.2%	
Milan	Level 3	1,887	2.7% – 6.3%	4,6%	4.5% – 6.4%	5.2%
Rome	Level 3	186	3.0% – 6.8%	4,8%	5.2% – 6.8%	6.2%
Other	Level 3	1,208	5.3% – 7.8%	6,6%	5.7% – 6.9%	6.7%
Total in operation		3,280				
Development portfolio	Level 3	379			6.3% – 9.0%	
TOTAL ITALY OFFICES		3,659				
Hotels	Level 3	4,685	3.5% – 6.2%	4,8%	4.2% – 7.8%	5.7%
Retail	Level 3	166	6.4% – 8.0%	7,6%	5.6% – 8.4%	7.3%
Total in operation		4,851				
Development portfolio	Level 3	10			5.6%	5.6%
Use rights	Level 3	203				
TOTAL HOTELS IN EUROPE		5,064				

German Residential

Grouping of similar assets	Level	Portfolio (€M)	Yield rate*		Discounted cash flow rate	Average value (€/m²)
			Total portfolio	Block valued properties		
Duisburg	Level 3	267	3.9% – 4.7%	3.0% – 4.7%	4.9% – 5.7%	1,298
Essen	Level 3	600	3.7% – 6.0%	3.7% – 6.0%	5.0% – 7.2%	1,592
Mülheim	Level 3	187	4.0% – 5.1%	4.0% – 5.1%	5.0% – 6.1%	1,431
Oberhausen	Level 3	165	4.3% – 6.2%	4.3% – 6.2%	5.3% – 7.2%	1,130
Datteln	Level 3	123	3.6% – 5.0%	3.6% – 5.0%	4.6% – 6.0%	1,079
Berlin	Level 3	3,707	1.9% – 4.8%	1.9% – 4.8%	3.9% – 6.9%	2,852
Düsseldorf	Level 3	156	2.6% – 3.8%	2.6% – 3.8%	4.1% – 5.3%	2,419
Dresden	Level 3	395	3.0% – 4.5%	3.0% – 4.5%	4.1% – 5.8%	2,045
Leipzig	Level 3	198	3.4% – 4.6%	3.4% – 4.6%	4.9% – 6.1%	1,540
Hamburg	Level 3	454	1.9% – 4.0%	1.9% – 4.0%	3.4% – 5.5%	3,165
Other	Level 3	144	2.6% – 4.8%	2.6% – 4.8%	4.1% – 5.8%	1,741
Total in operation		6,395				
Germany Offices	Level 3	110				
TOTAL GERMAN RESIDENTIAL		6,505				

* Yields rates:

German Residential: Potential yield rate assumed excluding taxes (actual rents/appraisal values excluding taxes).

■ Impact of changes in the yield rate on changes in the fair value of real estate assets, by operating segment

(€M)	Yield**	Yield rate -50 bps	Yield rate +50 bps
France Offices*	5.1%	545.1	-448.1
Italy Offices	5.6%	324.6	-271.0
Hotels in Europe*	5.3%	535.2	-438.2
Germany Residential	4.0%	905.5	-706.5
TOTAL*	4.9%	2,310.4	-1,863.8

* Including assets held by equity affiliates, excl. operating property assets.

** Yield on operating portfolio – excl. duties.

- If the yield rate excluding taxes drops 50 bps (-0.5 point), the market value excluding taxes of the real estate assets will increase by €2,310 million.
- If the yield rate excluding taxes increases 50 bps (+0.5 point), the market value excluding taxes of the real estate assets will decrease by €1,863 million.

3.2.5.1.4. Acquisitions and works

(€K)	Scope change & change in accounting method	Acquisitions	Works	Total increase
Mercure Nice recluster	-11,600			
France Offices	-11,600	0	54,560	54,560
Asset "Palazzo Orlando"		13,065		
Italy Offices	0	13,065	26,860	39,925
Mercure Nice recluster	11,600			
Use rights on leases in the United Kingdom	12,035	571		
Use rights for investment properties	15,699			
Investments in the United Kingdom (Oxford)	87,874	812		
NH Amersfoort Hotel	12,521			
Plot in Dresden		4,726		
Ibis Annecy plot		1,499		
3 assets in Poland (B&B)		23,517		
Hotels in Europe	128,129	31,125	20,539	51,664
Investments in Berlin	73,056			
Investments in Essen and Dortmund	20,031			
Investments in Dresden and Leipzig	52,553			
Disposals through equity investments	-33,932			
Other	-370			
Assets in Berlin		5,853		
Germany Residential	111,338	5,853	110,278	116,131
TOTAL OPERATING PROPERTIES	227,867	50,043	212,237	262,280
Land for DS Campus extension		13,138		
Terres Neuves land		2,372		
N2 Batignolles land		64,166		
France Offices	0	79,676	211,373	291,049
Plot of land in Milan, via Santander/via Schievano		11,712		
Italy Offices	0	11,712	77,251	88,963
Hotels in Europe	0	0	10,062	10,062
Germany Residential	0	5,269	8,732	14,001
TOTAL PROPERTIES UNDER DEVELOPMENT	0	96,657	307,418	404,075
France Offices			-190	-190
Italy Offices			-3	-3
Hotels in Europe	0		1,014	1,014
Germany Residential			450	450
Other			383	383
TOTAL ASSETS HELD FOR SALE	0	0	1,654	1,654
TOTAL	227,867	146,700	521,309	668,009

Almost €900 million in acquisitions and works, of which €404 million for properties under development.

3.2.5.1.5. Properties under development

Properties under development relate to building or redevelopment programmes that fall within the application of IAS 40 (revised).

(€K)	31/12/2018	Acquisitions and works	Capitalised interest	Change in fair value	Transfers and disposals	31/12/2019
Levallois Alis	0	2,077	2,701	20,022	124,200	149,000
DS Campus extension	0	14,248			4,353	18,601
Terres Neuves	0	2,452		-22		2,430
N2 Batignolles	0	83,086	222		-7,253	76,055
Lyon Silex 2 nd tranche	103,200	17,008	2,590	33,350	-14,848	141,300
Lyon Silex 3 rd tranche	2,700	45		5,255		8,000
Montrouge Flow	49,700	26,697	1,357	46,746		124,500
Paris So Pop	86,500	17,044	2,323	57,155	-8,922	154,100
Châtillon Iro	35,198	58,111	1,845	25,046		120,200
Meudon Opale	31,644	594		106		32,344
Montpellier Orange	8,600	4,525	121	3,654		16,900
Montpellier Rie	2,300	3,801	79	320		6,500
Montpellier Pompignane	3,750	2,487		-2,487		3,750
Meudon Ducasse	4,000	9,417	216	1,007		14,640
Paris Gobelins	0	942	262	3,896	-5,100	0
Meudon Canopée	20,560	574	0	-1,274	-19,860	0
Cité Numérique	4,600	33,456	139	5,105	-43,300	0
Lezennes – Helios	21,000	2,542	88	6,970	-30,600	0
France Offices	373,752	279,106	11,943	204,849	-1,330	868,320
Milan, via Unione/via Torino	0	41	94	1,765	33,400	35,300
Milan, via Schievano/via Santander	0	11,856	454	-11	3,001	15,300
Milan, piazza Duca d'Aosta	0	2,997	117	4,026	6,930	14,070
Milan, via Dante	43,400	7,086	1,242		-51,728	0
Milan, Symbiosis area	142,700	13,902	5,419	5,579	-32,500	135,100
Turin Corso Ferrucci	86,903	3,914	0	-5,718		85,099
Milan, via Schievano	45,799	36,612	2,022	9,967		94,400
Milan, via Principe Amedeo	61,700	2,587	620	493	-65,400	0
Italy Offices	380,502	78,995	9,968	16,101	-106,297	379,269
Meininger Porte de Vincennes	48,393	1,460	782	11,790	-62,425	0
Meininger Lyon Zimmermann	13,409	3,663	328	3,078	-20,478	0
B&B Cergy	5,260	694	45	1,091	-7,090	0
B&B Bagnolet	6,240	2,282	113	1,295		9,930
Meininger Munich	42,031	550	145	6,224	-48,950	0
Hotels in Europe	115,333	8,649	1,413	23,478	-138,943	9,930
Alexanderplatz	0	12,723	1,278	15,342	46,714	76,057
Germany Residential	0	12,723	1,278	15,342	46,714	76,057
TOTAL	869,587	379,473	24,602	259,770	-199,856	1,333,576

The column "transfers and disposals" includes in particular the transfer of Meudon Canopée to assets held for sale (-€199 million), the transfer of "advances and pre-payments" to France Offices (-€31 million) and the transfer of Milan, Symbiosis to "real estate development" (-€32.5 million) and of Milan, via Dante to Flex Office activity under Italy Offices (-€51.7 million).

3.2.5.2. Financial assets

3.2.5.2.1. Accounting principles

Other financial assets

Other financial assets consist of investment-fund holdings, which cannot be classified as cash or cash equivalents.

These securities are recognised upon acquisition at cost plus transaction costs. They are then recognised at fair value in the income statement on the reporting date. The fair value is arrived at on the basis of recognised valuation techniques (reference to recent transactions, Discounted Cash Flows, etc.). Some securities that cannot be reliably measured at fair value are recognised at acquisition cost.

Securities available for sale of listed and non-consolidated companies are recorded at their stock-market price with an offsetting entry in shareholders' equity in accordance with IFRS 9.

Dividends received are recognised when they have been approved by vote.

Loans

At each reporting date, loans are recorded at their amortised cost. Moreover, impairment is recognised and recorded on the income statement when there is an objective indication of impairment as a result of an event occurring after the initial recognition of the asset.

3.2.5.2.2. Table of financial assets

(€K)	31/12/2018	Increase	Decrease	Change in fair value	Scope change	Transfers	Change in exchange rate	31/12/2019
Ordinary loans ⁽¹⁾	101,027	55,974	-16,206	0	0	-10,223	0	130,572
Total loans and current accounts	101,027	55,974	-16,206	0	0	-10,223	0	130,572
Advances and pre-payments on acquisition of shares	7,494	27,000	-7,604	0	0	0	110	27,000
Securities at historic cost	28,288	-1,972	-452	0	3,128	-527	0	28,465
Dividends to be received	0	0	0	0	0	0	0	0
Subscribed capital not paid up	20,040	0	0	0	0	-20,040	0	0
Total other financial assets⁽²⁾	55,822	25,028	-8,056	0	3,128	-20,567	110	55,465
Receivables on financial assets	12,808	78,662	-2,609	0	0	751	1	89,613
Total receivables on financial assets	12,808	78,662	-2,609	0	0	751	1	89,613
TOTAL	169,657	159,664	-26,872	0	3,128	-30,039	112	275,651
Amortisations and provisions ⁽³⁾	-16,810	-168	387	0	0	0	0	-16,591
NET TOTAL	152,847	159,496	-26,485	0	3,128	-30,039	112	259,060

(1) Ordinary loans include receivables from equity investments in equity affiliates. The increase for the period is mainly due to the loan granted to the companies acquired in July 2019 that own 32 hotels in France and Belgium (+€53.7 million).

(2) Total other financial assets are broken down as follows:

- Advances and deposits made to acquire securities in companies:
 - A deposit of €27 million was paid for the acquisition of a portfolio of hotels located in the city centres of major European cities (Rome, Florence, Venice, Budapest, Prague and Nice), see Section 3.2.9 Subsequent events.
- Securities at historic cost:
 - The investments held by Covivio in Italy in real estate funds (€17 million) are valued at their historical cost. Potential impairments are recorded in the income statement.
- Receivables on financial assets: The increase in receivables on financial assets mainly corresponds to receivables on disposals in Italy Offices (+€78.2 million). Indeed, the disposal of the Galleria Del Corso asset generated a receivable of €30 million maturing in 2021, and the disposal of the Chronos asset generated a receivable of €48.2 million maturing in December 2022.

(3) Includes impairment losses on securities at historical cost held by Covivio in Italy (€11.4 million) and impairment losses on receivables for disposals of more than one year (€3.3 million) and for receivables related to financial assets (€1.9 million).

3.2.5.3. Investments in equity affiliates and joint ventures

3.2.5.3.1. Accounting principles

Investments in equity affiliates and joint ventures are recognised by the equity method. According to this method, the Group's investment in the equity affiliate or the joint venture is initially recognised at cost, increased or reduced by the changes, subsequent to the acquisition, in the share of the net assets of the affiliate. The goodwill related to an equity affiliate or joint venture is included in the book value of the investment, if it is not impaired. The share in the earnings for the period is shown in the line item "Share in income of equity affiliates".

The financial statements of associates and joint ventures are prepared for the same accounting period as for the parent company, and adjustments are made, where relevant, to adapt the accounting methods to those of the Covivio group.

3.2.5.3.2. Table of investments in equity affiliates and joint ventures

(€K)	% held	Operating segment	Country	31/12/2018	31/12/2019	Change	Of which share of net income	Of which distribution and change in scope
SCI Factor E and SCI Oriant	34,69%	France Offices	France	11,002	13,968	2,966	2,966	0
Lenovilla (New Vélizy)	50,10%	France Offices	France	68,557	60,291	-8,266	-3,256	-5,010
Euromarseille (Euromed)	50,00%	France Offices	France	43,008	49,880	6,872	5,871	1,001
Cœur d'Orly (Askia and Belaia)	50,00%	France Offices ⁽¹⁾	France	26,090	29,765	3,675	5,741	-2,067
Investire Immobiliare and others		Italy Offices	Italy	17,191	13,879	-3,312	-2,380	-932
Iris Holding France	19,90%	Hotels in Europe	Belgium, Germany	15,501	19,256	3,756	4,386	-630
OPCI IRIS Invest 2010	19,90%	Hotels in Europe	France	30,393	32,007	1,614	2,982	-1,368
OPCI Camp Invest	19,90%	Hotels in Europe	France	20,444	21,097	653	1,769	-1,116
Dahlia	20,00%	Hotels in Europe	France	17,559	20,012	2,453	3,177	-725
Phoenix	31.15% and 33.33%	Hotels in Europe	France, Belgium	0	114,159	114,159	8,044	106,115
TOTAL				249,746	374,316	124,570	29,301	95,269

(1) Including the Belaia building under development.

The investments in equity affiliates at 31 December 2019 amounted to €374.3 million, compared with €249.7 million as at 31 December 2018, i.e. an increase of €124.6 million.

The change over the period is mainly due to the appropriation of 2018 net income (-€15.1 million), by the acquisition of hotel holding companies in France and Belgium (+€106.1 million), the increase in Euromed's capital (+€5 million) and net income for the period (+€29.3 million).

3.2.5.3.3. Breakdown of shareholdings in the main associates and joint ventures

Ownership	Cœur d'Orly	Group Euromed	SCI Lenovilla (New velizy)	SCI Factor E/SCI Oriant (Bordeaux Armagnac)
Covivio	50.0%	50.0%	50.09%	34.7%
Non-Group third parties	50.0%	50.0%	49.91%	65.3%
Crédit Agricole Assurances		50.0%	49.91%	
Aéroport de Paris	50.0%			
ANF Immobilier				65.3%
TOTAL	100%	100%	100%	100%

Indirect ownership	Iris Holding France	OPCI Iris Invest 2010	OPCI Campinvest	SCI Dahlia	OPCI Otelli (Phoenix)	Konbon (Phoenix)	Jouron (Phoenix)
Covivio Hotels	19.9%	19.9%	19.9%	20.0%	31.2%	33.3%	33.3%
Non-Group third parties	80.1%	80.1%	80.1%	80.0%	68.9%	66.7%	66.7%
Sogecap					31.2%	33.3%	33.3%
Caisse de dépôt et consignment					37.7%	33.3%	33.3%
Crédit Agricole Assurances	80.1%	80.1%	68.8%	80.0%			
Pacifica			11.3%				
TOTAL	100%	100%	100%	100%	100%	100%	100%

3.2.5.3.4. Key financial information on equity affiliates and joint ventures

(€K)	Asset name	Total balance sheet	Total non-current assets	Cash	Total non-current liabilities excluding financial debt	Total current liabilities excluding financial debt	Financial payables	Rental income	Cost of net financial debt	Net income consolidated
Cœur d'Orly (Askia and Belaïa)	Cœur d'Orly	138,084	129,587	3,412	613	5,352	78,828	4,014	-757	10,759
Lenovilla (New Vélizy)	New Vélizy and extension	279,926	274,913	4,849	0	136	159,438	11,890	-2,182	-6,500
Euromarseille (Euromed)	Euromed Center	214,810	200,689	7,608	1,234	5,086	108,729	8,443	0	11,743
SCI Factor E and SCI Orianz	Bordeaux, Armagnac	146,646	137,158	6,214	485	8,768	97,126	3,710	-1,277	8,551
Iris Holding France	AccorHotels Hotels	231,047	207,509	22,382	21,363	2,427	110,367	13,319	-2,997	22,040
OPCI IRIS Invest 2010	AccorHotels Hotels	274,991	253,188	21,484	2,648	235	111,269	17,309	-2,059	14,984
OPCI Camp Invest	Campanile Hotels	187,231	170,950	14,086	0	288	80,926	12,150	-1,664	8,890
Dahlia	AccorHotels Hotels	178,390	173,083	5,034	0	260	78,072	8,986	-1,704	15,887
OPCI Oteli, Jouron, Kombon	AccorHotels Hotels	572,603	551,363	15,908	23,498	7,134	184,373	30,311	-3,454	90,288

3.2.5.4. Deferred tax liabilities on the reporting date

	Increases					Decreases					Balance sheet as at 31/12/2019
(€K)	Balance sheet as at 31/12/2018	First time consolidation scope	Net income for the period	Shareholder's equity	Other changes and transfers	Net income for the period	Difference in rates	Change in exchange rate	Removals from the scope of consolidation		
DTA											
Losses carried forward	53,600	17	8,692			-2,254	-16			60,039	
Fair value of properties	6,784		3,908		48,836	-9,082	-102	94	-1,207	49,231	
Derivatives	6,838		4,418			-169				11,087	
Temporary differences	66,565	-1	1,198	2,211	-48,962	-1,613	-2	22	-2,046	17,372	
	133,787									137,729	
DTA/DTL offset	-65,822									-75,797	
TOTAL DTA	67,965	16	18,216	2,211	-126	-13,118	-120	116	-3,253	61,932	

	Increases					Decreases					Balance sheet as at 31/12/2019
(€K)	Balance sheet as at 31/12/2018	First time consolidation scope	Net income for the period	Shareholder's equity	Other changes and transfers	Net income for the period	Difference in rates	Change in exchange rate	Removals from the scope of consolidation		
DTL											
Fair value of properties	878,643	26,350	137,885		-150	-23,157	-2,813	2,660	-4,426	1,014 992	
Derivatives	1,807		20			-28				1,799	
Temporary differences	29,377	4,331	10,596		24	-1,572	-217	33		42,572	
	909,827									1,059,363	
DTA/DTL offset	-65,822									-75,797	
TOTAL DTL	844,005	30,681	148,501	0	-126	-24,757	-3,030	2,693	-4,426	983,566	
NET TOTAL	-776,040	-30,665	-130,285	2,211	0	11,639	2,910	-2,577	1,173	-921,634	
Total impact on the income statement:					-115,736		Negative net balance = liabilities				
Of which DTA on the corporation tax line					-2,096						

At 31 December 2019, the consolidated deferred tax position showed a deferred tax asset of €62 million (versus €68 million as at 31 December 2018) and a deferred tax liability of €983 million (versus €844 million as at 31 December 2018).

The primary contributors to the net balance of deferred taxes are:

- Germany Residential: €644 million
- Hotels in Europe: €2699 million
- Italy Offices: €7.4 million.

The increase in net deferred tax liabilities (+€145.6 million) is mainly due to acquisitions in the fiscal year (+€27 million) in the United Kingdom, in Dublin, in Amsterdam and in Germany, and to the impact of the deferred tax liabilities relating to increases in the appraisal values of on the portfolio (+€120 million).

The impact on income is detailed in paragraph 3.2.6.72.

In accordance with IAS 12, deferred tax assets and liabilities are offset for each tax entity when they involve taxes paid to the same tax authority.

The non-recognised tax loss carryforwards, calculated at the standard rate, amounted to €906 million as detailed below:

(€K)	Non-recognised DTA	Non-recognised tax loss carryforwards
France Offices	98,402	285,778
Italy Offices	15,883	79,417
Hotels in Europe	37,025	120,631
Germany Residential	9,687	61,212
Other	116,773	359,099
Total	277,770	906,138

3.2.5.5. Short-term loans

(€K)	31/12/2018	Changes in scope	Increase	Decrease	Transfers	31/12/2019
Short-term loans	6,469	0	7,789	-6,420	19,914	27,752
TOTAL	6,469	0	7,789	-6,420	19,914	27,752
Amortisations and provisions	0	0	0	0	0	0
NET TOTAL	6,469	0	7,789	-6,420	19,914	27,752

The change in short-term loans (+€21.2 million) primarily reflects the reclassification as short term of the loan granted to the equity affiliate Lenovilla (+€20 million) and the change in accrued interest not yet due (+€1.4 million).

3.2.5.6. Inventories and work-in-progress

3.2.5.6.1. Accounting principles applicable to inventories

Inventories are intended to be sold during the normal course of business. They are recorded at acquisition price and, as applicable, are depreciated in relation to the sale value (independent appraisal value).

Inventories are composed of two classification types: Property dealers (mainly in Italy, purchase/sale) and real estate development (housing and offices). They are assessed at cost.

3.2.5.6.2. Inventories and work-in-progress

Consolidated data (€M)	31/12/2019 Net	31/12/2018 Net	Variation
Real estate company trading properties	28,833	79,255	-50,422
France Offices	273	0	273
Hotels in Europe	2,261	2,236	25
Germany Residential	96	48	48
Miscellaneous trading properties (raw materials, goods)	2,630	2,284	346
Extension property Germany Residential	13,745	0	13,745
France Offices	20,290	13,880	6,410
Italy Offices	34,016	0	34,016
Germany Residential	133,034	392	132,642
Real estate trading properties	201,085	14,272	186,813
TOTAL INVENTORIES AND WORK-IN PROGRESS	232,548	95,811	136,737

The balance sheet item "Inventories and work-in-progress" groups together inventories from trading activities in Italy Offices (€26.8 million), and assets dedicated to the real estate development business for €201.1 million.

3.2.5.7. Trade receivables

3.2.5.7.1. Accounting principles applicable to trade receivables and the receivables of hotels under operation

The trade receivables are mainly comprised of receivables from simple lease transactions and receivables of hotels under operation. These items are measured at amortised cost. In the event that the recoverable value is lower than the net book value, the Group may be required to account for an impairment charge through profit or loss.

Receivables from operating lease transactions

For operating-lease receivables, a provision for impairment is made at the first non-payment. The impairment rates applied by Covivio group are as follows:

- no impairment provision is recorded for existing or vacated tenants whose receivables are less than three months overdue
- 50% of the total amount of receivables for existing tenants whose receivables are between three and six months overdue

- 100% of the total amount of receivables for existing tenants whose receivables are more than six months overdue
- 100% of the total amount of receivables for vacated tenants whose receivables are more than three months overdue.

The receivables and theoretical impairments arising from the rules above are reviewed on a case-by-case basis in order to factor in any specific situations.

Receivables of hotels under operation

Receivables of hotels under operation are impaired according to payment deadlines.

The receivables and theoretical impairments arising from the rules above are reviewed on a case-by-case basis in order to factor in any specific situations.

3.2.5.7.2. Trade receivables

(€K)	31/12/2019	31/12/2018	Variation
Expenses to be invoiced to tenants	151,537	146,705	4,832
Rent-free periods	44,405	91,743	-47,338
Trade receivables	209,217	102,078	107,139
Total trade receivables	405,159	340,526	64,633
Impairment of receivables	-28,429	-27,314	-1,115
NET TOTAL TRADE RECEIVABLES	376,730	313,212	63,518

The change in trade receivables (+€107.1 million) is primarily due to the increase in receivables relating to real estate development (of which housing reservations +€35.2 million). There is a similar increase under tax liabilities.

The line "Change in working capital requirements on continuing operations" on the Cash Flow Statement consists of:

(€K)	31/12/2019	31/12/2018
Impact of changes in inventories and work in progress	-81,726	85
Impact of changes in trade & other receivables	-122,323	-74,715
Impact of changes in trade & other payables	128,173	155,699
CHANGE IN WORKING CAPITAL REQUIREMENTS ON CONTINUING OPERATIONS (INCLUDING EMPLOYEE BENEFITS LIABILITIES)	-75,876	81,069

The impact of changes in inventories and assets in progress (-€81.7 million) is primarily related to real estate development.

3.2.5.8. Other receivables

(€K)	31/12/2019	31/12/2018	Variation
Government receivables	91,145	72,674	18,471
Other receivables	63,622	43,340	20,282
Security deposits received (short-term)	19,620	36,932	-17,312
Current accounts	929	925	4
TOTAL	175,316	153,872	21,444

- €91.1 million in government receivables comprise mainly VAT receivables. It should be noted that this item includes €3.2 million in government receivables following the payment of tax adjustments of which we dispute the validity (see Section 3.2.2.10.4).

- The changes in receivables on disposals is mainly from the Italy Offices (-€16 million), Germany Residential (-€3.2 million), Other (+€3.2 million) and Hotels in Europe (-€1.3 million) segments.

3.2.5.9. Cash and cash equivalents (available and restricted)

3.2.5.9.1. Accounting principles applicable to cash and cash equivalents

Cash and cash equivalents include cash, short-term deposits, and money-market funds. These are short-term, highly liquid assets that are easily convertible into a known cash amount, and for which the risk of a change in value is negligible.

3.2.5.9.2. Table of cash and cash equivalents

(€K)	31/12/2019	31/12/2018
Money-market securities available for sale	626,477	509,261
Cash at bank	675,607	663,189
TOTAL	1,302,084	1,172,450

At 31 December 2019, the portfolio of money-market securities available for sale consists mainly of Level 2 standard money-market collective investment vehicles (SICAV).

- Level 1 of the portfolio corresponds to instruments whose price is listed on an active market for an identical instrument.

- Level 2 corresponds to instruments whose fair value is determined using data other than the prices mentioned for Level 1 and observable directly or indirectly (i.e. price-related data).

Covivio holds no investments subject to capital risk.

3.2.5.10. Shareholders' equity

3.2.5.10.1. Accounting principles applicable to equity

Treasury shares

If the Group buys back its own equity instruments (treasury shares), these are deducted from shareholders' equity. No profit or loss is recognised in the income statement when Group equity capital instruments are purchased, sold, issued or cancelled.

3.2.5.10.2. Statement of changes in shareholders' equity

The statement of changes in shareholders' equity and movements in the share capital are presented in note 3.1.4.

3.2.5.11. Statement of liabilities

3.2.5.11.1. Accounting principles applicable to debt

Financial liabilities include borrowings and other interest-bearing debt.

At initial recognition, financial liabilities are measured at fair value, minus the transaction costs directly attributable to the issue of the liability. They are then recognised at amortised cost based on the effective interest rate. The effective rate includes the nominal rate and actuarial amortisation of issue expenses and issue and redemption premiums.

Financial liabilities of less than one year are posted under "Current financial liabilities".

Convertible bonds (ORNANE-type) issued by Covivio group are either (i) recognised at fair value in the income statement or (ii) recognised separately as a financial liability at amortised cost and an embedded derivative measured at fair value in the income statement.

For Covivio, the fair value is determined according to the closing bond price.

Group companies hold movable and real estate assets through leases. At the lease commencement date, the tenant measures the rental liability as the present value of rents owing not yet paid, using the implied interest rate for the lease, if this rate can be easily determined, or otherwise using the incremental borrowing rate. This debt is amortised as the contracts expire and give rise to the recognition of a financial expense.

Rental liabilities are shown on the long-term or short-term rental liabilities line in the balance sheet and financial expenses in the Interest costs for rental liabilities line item.

Derivatives and hedging instruments

The Covivio group uses derivatives to hedge its floating rate debt against interest rate risk (hedging of future cash flows).

Derivative financial instruments are recorded on the balance sheet at fair value. The fair value is calculated using valuation techniques that use mathematical calculations based on recognised financial theories and parameters that incorporate the prices of market-traded instruments. This valuation is carried out by an external service provider.

The majority of the financial instruments in Italy Offices qualify for hedge accounting as defined by IFRS 9. In this case, changes in the fair value of the effective portion of the hedge are recognised net of tax in shareholders' equity until the hedged transaction occurs. The ineffective portion is recorded in the income statement.

All derivative instruments in the other segments are therefore recognised at their fair value, and changes are reflected in the income statement.

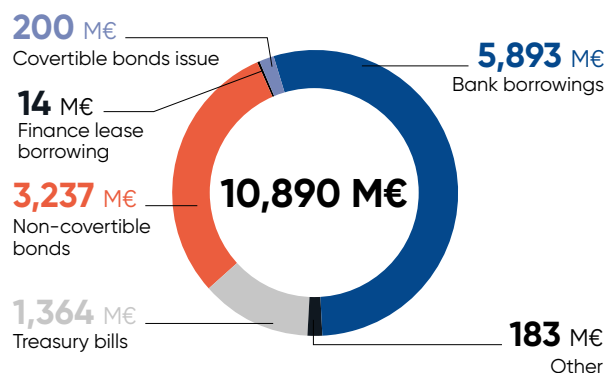
3.2.5.11.2. Table of debt

(€K)	31/12/2018	Increase	Decrease	Changes in scope	Change in exchange rate	Other changes	31/12/2019
Bank borrowings	6,351,129	940,811	-1,463,733	42,421	22,091	-2	5,892,716
Finance lease borrowing	17,099	0	-3,199	0	0	0	13,900
Other borrowings	143,653	80,003	-79,553	40,260	13	-4,993	179,383
Treasury bills	1,271,400	92,500	0	0	0	0	1,363,900
Securitized loans	3,977	0	0	0	0	0	3,977
Non-convertible bonds	2,963,079	500,375	-226,900	0	0	0	3,236,554
Convertible bond issue ⁽¹⁾	347,249	0	-147,249	0	0	0	200,000
Subtotal interest-bearing loans	11,097,586	1,613,689	-1,920,634	82,681	22,104	-4,995	10,890,430
Accrued interest	46,446	54,723	-54,849	0	16	0	46,336
Deferral of loan expenses	-85,703	24,227	-8,182	0	27	-118	-69,749
Creditor banks	1,398	0	0	-245	3	19,392	20,548
Total borrowings (LT/ST) excl. fair value of Ornane-type bonds	11,059,727	1,692,639	-1,983,666	82,436	22,150	14,280	10,887,566
of which Long-term	9,216,624						9,071,820
of which Short-term	1,843,103						1,815,746
Valuation of financial instruments	169,242	0	0	0	0	115,678	284,920
Convertible bond derivatives	18,803	0	0	0	0	-15,367	3,436
Total derivatives	188,045	0	0	0	0	100,311	288,356
of which Assets	-46,952						-77,486
of which Liabilities	234,997						365,842
TOTAL BANK DEBT	11,247,772	1,692,639	-1,983,666	82,436	22,150	114,591	11,175,922

(1) Convertible bond movements are presented in 3.2.5.11.4 – Convertible bonds.

New financings taken out during the fiscal year are presented in 3.2.2.2 – Liquidity risk and in 3.2.5.11.3 – Bank borrowings.

■ Debt by type as at 31 December 2019 (in €M)



The "Proceeds related to new borrowings" line item of the statement of Cash Flows (+€1,612.7 million) refers mainly to:

- increases in interest-bearing borrowings (+€1,613.6 million)
- increases in rental liabilities (+€7.5 million)
- less new debt issuance costs (-€8.2 million).

The "Repayments of borrowings" line item of the Statement of Cash Flows (-€1,935.5 million) corresponds mainly to decreases in interest-bearing borrowings (-€1,920.6 million) and reductions in rental liabilities (-€14.9 million).

3.2.5.11.3. Bank borrowings

The table below outlines the characteristics of the borrowings taken out by Covivio group and the amount of the associated guarantees (principal amount over €100 million):

(€K)	Outstanding debt (> or < €100 M)	Debt	Appraisal value as at 31 December 2019 ⁽¹⁾	Outstanding debt as at 31 December 2019	Date of signature	Nominal Initial	Maturity
France Offices		€280 M (2015) and €145 M (2015) – Tour CB21 and Carré Suffren		407,300	29/07/2015 and 01/12/2015	280,000 and 145,000	29/07/2025 and 30/11/2023
		€167.5 M (2015) – DS Campus		157,869	23/03/2015	167,500	20/04/2023
		€300 M (2016) – Orange		300,000	18/02/2016	300,000	30/06/2028
	> €100 M		2,251,500	865,169			
	< €100 M		354,120	166,633			
	Total France Offices		2,605,620	1,031,802			
Italy Offices		€760 M (2016) – Central		643,709	15/09/2016	652,732	14/09/2024
	> €100 M		1,414,296	643,709			
	Total Italy Offices		1,414,296	643,709			
Hotels in Europe		€447 M (2013)		172,275	25/10/2013	447,000	31/01/2023
		€255 M (2012) – Mortgage bond		186,553	14/11/2012	255,000	16/11/2021
		€278 M (2017) – Rocca		220,085	29/03/2017	277,188	29/03/2025
		€290 M (2017) – OPCI B2 HI (B&B)		126,566	10/05/2017	290,000	10/05/2024
		£400 M (2018) – Rocky		467,965	24/07/2018	475,145	24/07/2026
		€130 M (2019) – Ref1		129,626	04/04/2019	130,000	03/04/2026
	> €100 M		2,996,442	1,303,070			
	< €100 M		1,363,704	519,320			
	Total Hotels Europe		4,360,145	1,822,390			
Germany Residential		Lyndon Immeo 01		107,957	12/12/2011	140,000	29/01/2027
		Cornerstone		149,823	01/10/2014	136,737	30/06/2025
		Refinancing Wohnbau/ Dümpten/Aurélia/Duomo		108,828	20/01/2015	150,000	30/01/2025
		Refinancing Amadeus/ Herbstlaub/Valore/ Valartis/Sunflower		147,940	28/10/2015	176,842	30/04/2026
		Quadriga		177,232	16/06/2015	211,540	31/03/2026
		Golddust		109,545	23/03/2016	115,000	30/04/2027
		Lego		170,103	24/06/2016	195,003	30/09/2024
		Lyndon Immeo 02		169,885	26/01/2017	230,000	14/03/2022
		Refinancing Indigo, Prime		259,188	09/07/2019	260,000	30/09/2029
		Refinancing KG1		125,000	20/09/2019	125,000	30/09/2029
	> €100 M		3,911,707	1,525,501			
	< €100 M		2,244,623	888,408			
	Total German Residential		6,156,331	2,413,909			
Total collateralised			14,536,392	5,911,809			

(€K)	Outstanding debt (> or < €100 M)	Debt	Appraisal value as at 31 December 2019 ⁽¹⁾	Outstanding debt as at 31 December 2019	Date of signature	Nominal Initial	Maturity
France Offices		Treasury bills BT/BMTN		1,363,900			
		€180 M (2013) – Private investment		180,000	20/03/2013	180,000	30/04/20
		€500 M (2016) – Green bond		500,000	20/05/2016	500,000	20/05/26
		€500 M (2017) – Bonds		595,000	21/06/2017	500,000	21/06/27
		€500 M (2019) – Green bond		500,000	17/09/2019	500,000	17/09/31
	> €100 M			3,138,900			
		Total France Offices	3,651,151	3,138,900			
Italy Offices		€500 M (2014) – Bonds		125,000	30/03/2015	125,000	30/03/22
		€200 M (2015) – Convertible bonds		200,000	03/08/2015	200,000	31/01/21
		€300 M (2017) – Bonds		300,000	17/10/2017	300,000	17/10/24
		€300 M (2018) – Bonds		300,000	20/02/2018	300,000	20/02/28
	> €100 M		2,317,591	925,000			
	< €100 M			3,977			
		Total Italy Offices	2,317,591	928,977			
Hotels in Europe		€200 M (2015) – Private investment		200,000	29/05/2015	200,000	29/05/23
		€350 M (2018) – Edinburgh		350,000	24/09/2018	350,000	24/09/25
	> €100 M			550,000			
	< €100 M			181,429			
		Total Hotels Europe	1,782,296	731,429			
Germany Residential	< €100 M	Total German Residential	361,884				
Other	< €100 M	France Residential	25,905	0			
		Car parks	50,218	0			
		Total Other	76,123	0			
Total unencumbered			8,189,044	4,799,306			
		Other payables		179,315			
OVERALL TOTAL			22,725,436	10,890,430			

(1) The portfolio includes the fair value of occupied assets but does not include real estate inventories (trading, development) and the share of fair value of consolidated assets accounted for by the equity method.

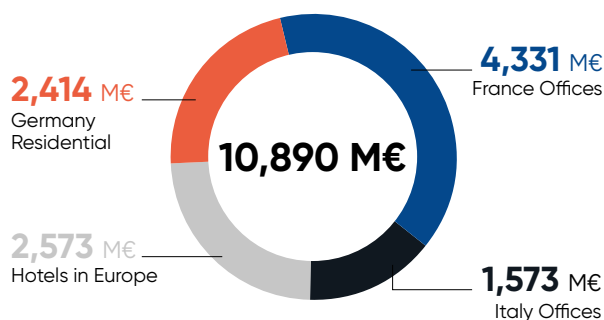
The borrowings are valued after their initial recognition at cost, amortised based on the effective interest rate.

Breakdown of borrowings at their nominal value according to the time left to maturity and by interest-rate type:

(€K)	Balance as at 31/12/2019	Deadline less than 1 year	Balance at 31 December 2020	Maturity from 2 to 5 years	Balance at 31 December 2024 (over 5 years)
Fixed-rate financial liabilities	6,415,942	1,586,477	4,829,465	1,620,026	3,209,439
France Offices – Bank borrowings	146,606	1,793	144,813	94,813	50,000
France Offices – Others	159,876	17,461	142,415	22,385	120,030
Italy Offices – Bank borrowings	0	0	0	0	0
Italy Offices – Convertible bonds*	200,000	0	200,000	200,000	0
Hotels in Europe – Bank borrowings	100,348	1,818	98,530	98,530	0
Hotels in Europe – Others	19,437	0	19,437	19,264	173
German Residential – Bank borrowings	1,185,174	17,505	1,167,669	373,473	794,196
Germany Residential – Others	70	22	48	8	40
Total borrowings and convertible bonds	1,811,512	38,600	1,772,912	808,473	964,439
France Offices – Bonds	1,775,000	180,000	1,595,000	0	1,595,000
France Offices – Treasury bills	1,363,900	1,363,900	0	0	0
Italy Offices – Bonds	725,000	0	725,000	425,000	300,000
Italy Offices – Securitisation	3,977	3,977	0	0	0
Hotels in Europe – Bonds	736,553	0	736,553	386,553	350,000
Total debts represented by securities	4,604,430	1,547,877	3,056,553	811,553	2,245,000
Floating-rate financial liabilities	4,474,489	173,643	4,300,846	1,660,609	2,640,237
France Offices – Bank borrowings	885,196	94,021	791,175	254,075	537,100
Italy Offices – Bank borrowings	643,709	10,420	633,289	633,289	0
Hotels in Europe – Bank borrowings	1,716,917	20,362	1,696,555	530,698	1,165,857
German Residential – Bank borrowings	1,228,667	48,840	1,179,827	242,547	937,280
Total borrowings and convertible bonds	4,474,489	173,643	4,300,846	1,660,609	2,640,237
Total debts represented by securities	0	0	0	0	0
TOTAL	10,890,430	1,760,119	9,130,311	3,280,635	5,849,676

* The ORNANE bonds are presented at nominal value.

■ Debt by operating segment as at 31 December 2019 (in €M)



3.2.5.11.4. Convertible bonds

France Offices

The features of the convertible bond issue are as follows:

Features	Ornane France Offices
Issue date	20/11/2013
Issue amount (€M)	345
Issue price (€)	84.73
Conversion rate	1.14
Nominal rate	0.88%
Maturity	1/04/2019
Number of convertible bonds issued	4,071,757
Number of convertible bonds as at 31 December 2018	1,737,861
Number of bonds converted into Covivio shares	-1,670,419
Number of bonds redeemed on 1 April 2019	-67,442
Number of convertible bonds at 31 December 2019	0

Over the course of 2019, 1,670,419 bonds were converted and 67,442 bonds redeemed at maturity. Accordingly, the balance of 1,737,861 bonds outstanding at 31 December 2018 were redeemed for an amount of €147.3 million plus a conversion premium of €32 million (including €27.2 million through the issuance of shares and €4.8 million in cash).

Italy Offices

The Italy Offices ORNANE-type bonds are hybrid instruments and are recognised as a Host contract (debt at amortised cost) and as an embedded derivative (financial instrument at fair value through the income statement).

At 31 December 2019, the Ornane derivative maturing in 2021 of Covivio in Italy was valued at €7.6 million.

The features of the convertible bond issue are as follows:

Features	Ornane Italy Offices
Issue date	August 2015
Issue amount (€M)	200
Issue price (€)	100
Conversion price	112.130
Nominal rate	0.875%
Maturity	February 2021
Number of convertible bonds issued	2,000,000
Number of convertible bonds as at 31 December 2018	2,000,000
Number of convertible bonds at 31 December 2019	2,000,000
Number of potential shares	1,783,647

3.2.5.11.5. Derivatives

Derivative instruments consist mainly of rate hedging instruments put in place as part of the Group's interest rate hedging policy.

■ Fair value of net derivative instruments

(€K)	31/12/2018 Net	Consolidation scope – change in integration method	Share premium account – Share premium account Restructuring balances	Impact on P&L	Impact on shareholders' equity	31/12/2019 Net
France Offices	-120,287		61,771	-82,708		-141,224
ORNANE-type bonds France Offices	-19,540	32,019		-12,479		
Italy Offices	-2,930			-8,655	-9,260	-20,845
ORNANE-type bonds Italy Offices	737			-4,173		-3,436
Hotels in Europe	-30,749		6,730	-51,412	-13,595	-89,026
Germany Residential	-15,276		4,123	-22,672		-33,825
TOTAL	-188,045	32,019	72,624	-182,099	-22,855	-288,356
Cash instruments – Liabilities						-365,842
Cash instruments – Assets						77,486

The total impact of the value adjustments on the derivatives on the income statement was -€196.4 million.

It comprises mainly changes in the value of cash instruments (-€165.4 million) and changes in the value of ORNANE bonds (-€16.7 million), as well as the recycling through profit or loss of financial instruments eligible for hedge accounting in Italy Offices following the redemption of the underlying assets (-€14.3 million, with an offset of +€14.3 million in shareholders' equity). In accordance with IFRS 13, the fair values include the counterparty default risk (€5.3 million).

The impact on equity of -€13.6 million on the Hotels in Europe line corresponds to the change in the exchange rate of Cross Currency Swaps used to hedge our investments in the United Kingdoms.

The "Unrealised gains and losses relating to changes in fair value" line of the Statement of Cash Flows (-€807.3 million), which makes it possible to calculate cash flows, mainly incorporates the impact of changes in the value of cash instruments, ORNANE bonds and the transfer to income of financial instruments in Italy Offices that qualify for hedge accounting following the repayment of the underlying (+€196.3 million), and the change in the value of the portfolio (-€1,003.6 million).

■ Breakdown of hedging instruments by maturity of notional values

(€K)	At 31/12/2019	Less than 1 year	from 1 to 5 years	Over 5 years
Fixed hedge				
Fixed rate payer swap	5,551,237	-188,794	1,312,213	4,427,818
Fixed rate receiver swap	1,744,415	-880,000	941,071	1,683,344
Total SWAP	3,806,822	691,206	371,142	2,744,474
Optional hedge				
Cap purchase	603,085	47,320	437,810	117,955
Floor purchase	53,256	732	2,926	49,598
Floor sale	51,000	0	18,000	33,000
TOTAL	8,002,993	-1,020,742	2,712,020	6,311,715

■ Hedge balance as at 31 December 2019

(€K)	Fixed rate	Floating rate
Borrowings and financial payables (including creditor banks)	6,415,942	4,495,037
NET FINANCIAL LIABILITIES BEFORE HEDGING	6,415,942	4,495,037
Fixed hedge – Swaps		-3,806,822
Optional hedge – Caps		-603,085
Total hedges		-4,409,907
NET FINANCIAL LIABILITIES AFTER HEDGING	6,415,942	85,130

3.2.5.11.6. Rental liabilities

The balance of rental liabilities as at 31 December 2019 stood at €269.1 million, up from €163.7 million at 31 December 2018, an increase of €105.4 million. This increase was mainly due to the recognition of a lease liability of €15.7 million on long-term leases conferring ad rem rights for two hotels acquired in the United

Kingdom due to their indexation and their duration of more than one hundred years, and €89.4 million following the first-time application of IFRS 16 (mainly long-term leases conferring ad rem rights for assets not measured at fair value and car park leases).

At 31 December 2019, the interest expense relating to these rental liabilities was €13.5 million.

■ Breakdown of rental liabilities by maturity

(€K)	At 31/12/2019	Less than 1 year	From 1 to 5 years	From 5 to 25 years	Over 25 years
RENTAL LIABILITIES	269,092	13,797	28,021	31,079	196,195

3.2.5.11.7. Banking covenants

Excluding debts raised without recourse to the Group's real estate 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 in Group Share for Covivio and for Covivio Hotels.

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

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

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

- for Covivio: 200%
- for Covivio Hotels: 200%.

Concerning Covivio, corporate credit facilities usually include an asset-secured debt covenant (100% scope), the cap on which is set at 25% and which measures the ratio of secured debt (or debt with guarantees of any kind) to asset value.

Covivio Group's banking covenants were fully complied with at 31 December 2019, as they stood at 41.2% for Group Share LTV, 573% for Group Share ICR, and 4.6% for the asset-secured debt ratio.

No financing has an accelerated payment clause contingent on Covivio or Covivio Hotels' rating, which is currently BBB+, stable outlook (Standard & Poor's rating).

Consolidated LTV	Company	Scope	Threshold	Ratio
€300 M (2016) – Orange	Covivio	France Offices	≤ 60%	in compliance
€255 M (2012) – Mortgage bond	Covivio Hotels	Hotels in Europe	≤ 65%	in compliance
€447 M (2013) – REF II	Covivio Hotels	Hotels in Europe	< 60%	in compliance
€200 M (2015) – Private investment	Covivio Hotels	Hotels in Europe	≤ 60%	in compliance
€279 M (2017) – Roca	Covivio Hotels	Hotels in Europe	< 60%	in compliance
£400 M (2018) – Rocky	Covivio Hotels	Hotels in Europe	< 60%	in compliance
Consolidated ICR	Company	Scope	Threshold	Ratio
€300 M (2016) – Orange	Covivio	France Offices	≥ 200%	in compliance
€255 M (2012) – Mortgage bond	Covivio Hotels	Hotels in Europe	≥ 200%	in compliance
€447 M (2013) – REF II	Covivio Hotels	Hotels in Europe	> 200%	in compliance
€200 M (2015) – Private investment	Covivio Hotels	Hotels in Europe	≥ 200%	in compliance
€279 M (2017) – Roca	Covivio Hotels	Hotels in Europe	> 200%	in compliance
£400 M (2018) – Rocky	Covivio Hotels	Hotels in Europe	> 200%	in compliance

As part of the mortgage financing, these covenants, moreover, most often include specific covenants for the scopes financed. The purpose of these covenants, generally scope LTV, is mainly to limit the use of financing lines by correlating it with the value of the underlying assets provided as collateral.

3.2.5.12. Provisions for risks and charges

3.2.5.12.1. Accounting principles applicable to provisions for contingencies and losses

Retirement commitments

The retirement commitments are recognised in accordance with revised IAS 19. Provisions are recorded on the balance sheet for the liabilities arising from defined benefits pension schemes for existing staff at the reporting date. They are calculated according to the projected credit units method based on valuations made at each reporting date. The past service cost corresponds to the benefits granted, either when the Company adopts a new defined benefits scheme, or when it changes the level of benefits of an existing scheme. When new benefits are granted upon adoption of a new scheme or change in an existing scheme, the past service cost is immediately recognised in the income statement.

3.2.5.12.2. Provisions

Conversely, when the adoption of a new scheme or change in an existing scheme gives rise to the vesting of benefits after its implementation date, the past service costs are recognised as an expense on a straight-line basis over the average remaining period until the benefits become fully vested. Actuarial gains and losses result from the effects of changes in actuarial assumptions and experience adjustments (differences between actuarial assumptions and what has actually occurred). The change in these actuarial gains and losses is recognised in "Other items" of comprehensive income. The expense recognised in operating income includes the cost of the services rendered during the year, amortisation of past service costs and the effects of any reduction or liquidation of the scheme; the cost of discounting is recognised in net financial income. The valuations are made taking into account the Collective Agreements applicable in each country and in keeping with the various local regulations. For each employee, the retirement age is the social security eligibility age.

(€K)	31/12/2018	Scope change	Charges	Transfer	Change in actuarial gains and losses	Reversal of provision		31/12/2019
						Used	Unused	
Other provisions for disputes	2,818	0	465	0		-316	-240	2,727
Provisions for guarantees	0	0	0			0	0	0
Provisions for taxes	11,348	-199	264	-3,029		-13	-46	8,325
Provisions for renovating sites	2,566	0	0	0		0	0	2,566
Other provisions	5,878	0	270	0		-1,974	-347	3,827
Sub-total provisions – current liabilities	22,610	-199	999	-3,029	0	-2,303	-633	17,445
Provisions for retirement benefit	47,975	0	1,982	1	6,844	-1,770	-114	54,918
Provisions for long-service awards	1,273	0	183			-2	-8	1,446
Sub-total provisions – non-current liabilities	49,248	0	2,165	1	6,844	-1,772	-122	56,364
TOTAL PROVISIONS	71,858	-199	3,164	-3,028	6,844	-4,075	-755	73,809

The provisions for litigation are broken down into €2.1 million for France Offices, €0.3 million for Italy Offices, €0.3 million for Hotels in Europe. Provisions for taxes concern Hotels in Europe for €7.7 million (tax risks on the German portfolio of the Operating Properties business) and Italy Offices for €0.6 million.

The provision for retirement indemnities totalled €54.9 million as at 31 December 2019 (of which €51 million for Germany Residential).

The main actuarial assumptions used to estimate the commitments in France were as follows:

- rate of pay increase: managers 4%, non-managers 3%
- discount rate: 0.44% (TEC 10 n +50 bps).

The main actuarial assumptions used to estimate the commitments in Germany were as follows:

Assumptions used in calculating provisions for retirement benefit obligations in Germany	31/12/2019	31/12/2018
Discount rate	2.1%	2.1%
Annual wage growth	2.5%	2.5%
Rate of social security charges	1%/2%	1%/2%
Impact of provisions for retirement benefits on the income statement (€K)		
Cost of services rendered during the year	-541	-766
Financial cost	-872	-896
Effects of plan reductions/settlements	0	-348
TOTAL IMPACT ON THE INCOME STATEMENT	-1,413	-2,010

3.2.5.13. Other short-term liabilities

(€K)	31/12/2019	31/12/2018	Variation
Social debt	33,408	28,035	5,373
Tax payables	136,365	56,148	80,217
Current accounts – liabilities	173	169	5
Dividends to be paid	44	40	4
Other payables	41,847	65,030	-23,184
TOTAL	211,837	149,624	62,214

- The change in tax liabilities of +€80 million is mainly linked to the VAT collected in relation to real estate development (+€61 million).
- The -€23.2 million change in other debt includes changes in advances received on asset disposals (+€14.9 million) and advances paid on work on assets under development (-€42 million) and notarial debts related to acquisitions (+€3.6 million).

3.2.5.14. Recognition of financial assets and liabilities

Categories according to IFRS 9	Relevant item in the statement of financial position	31/12/2019 Net	Amount given in the assessed Statement of Financial Position:			Fair value (€K)
			Amortised cost	At the Fair value through shareholders' equity	At the Fair value through income statement	
Assets at amortised cost	Non-current financial Assets	44,104	44,104			44,104
Loans and receivables	Non-current financial Assets	214,955	214,955			214,955
	Total non-current financial Assets	259,060	259,060			259,060
Loans and receivables	Trade receivables ⁽¹⁾	332,325	332,325			332,325
Assets at fair value through profit or loss	Derivatives at fair value through profit or loss	77,486			77,486	77,486
Assets at fair value through profit or loss	Cash and cash equivalents	626,477			626,477	626,477
TOTAL FINANCIAL ASSETS		1,295,347	591,384	0	703,963	1,295,347
Liabilities at fair value through profit or loss	Ornane-type Bonds	203,436	195,853		7,583	205,138
Liabilities at amortised cost	Financial payables	10,690,430	10,690,430			10,837,882 ⁽²⁾
Liabilities at fair value through profit or loss	Financial instruments (excluding Ornane)	362,406		8,155	354,251	362,406
Liabilities at amortised cost	Security deposits	24,801	24,801			24,801
Liabilities at amortised cost	Trade payables	228,811	228,811			228,811
TOTAL FINANCIAL LIABILITIES		11,509,885	11,139,896	8,155	361,834	11,659,039

(1) Excluding incentive.

(2) The difference between the net book value and the fair value of the fixed rate debt is €147,452 thousand.

■ Breakdown of financial assets and liabilities at fair value:

The table below presents the financial instruments at fair value broken down by level:

- level 1: financial instruments listed in an active market
- level 2: financial instruments whose fair value is evaluated through comparisons with observable market transactions on similar instruments or based on an evaluation method whose variables include only observable market data
- level 3: financial instruments whose fair value is determined entirely or partly by using an evaluation method using an estimate that is not based on market transaction prices on similar instruments.

(€K)	Level 1	Level 2	Level 3	Total
Derivatives at fair value through profit or loss		77,486		77,486
Money-market securities available for sale		626,477		626,477
Total financial Assets	0	703,963	0	703,963
Ornane	205,138			205,138
Derivatives at fair value through profit or loss		362,406		362,406
Total financial Liabilities	205,138	362,406	0	567,544

3.2.6. Notes to the statement of net income

3.2.6.1. Accounting principles

3.2.6.1.1. Rental income

According to the presentation of the income statement, rental income is treated as revenues. Revenues from hotels under management and Flex Office, car park receipts, property development, and services are now shown in specific lines of the statement of net income, after net rental income.

As a general rule, invoicing is quarterly. The rental income of investment properties is recognised on a straight-line basis over the term of the ongoing leases. Any benefits granted to tenants (rent-free periods, step rental leases) are amortised on a straight-line basis over the duration of the lease agreement, in compliance with IFRS 16, and offset against investment properties.

3.2.6.2. Operating income

3.2.6.2.1. Rental revenues

Rental income amounted to €961.3 million as at 31 December 2019, versus €955.9 million at 31 December 2018, up by €5.4 million.

(€K)	31/12/2019	31/12/2018	Change (€K)	Change (%)
France Offices	257,275	271,113	-13,838	-5.1%
Italy Offices	201,817	205,760	-3,943	-1.9%
Total Offices rental income	459,092	476,873	-17,781	-3.7%
Hotels in Europe	245,418	229,921	15,496	6.7%
Germany Residential	251,798	241,162	10,636	4.4%
Other (including France Residential)	5,012	7,935	-2,923	-36.8%
TOTAL RENTAL INCOME	961,320	955,891	5,428	0.6%

The rental income consists of rental and similar income (e.g. occupancy fees and entry rights) invoiced for investment properties during the period. Rent exemptions, step rental schemes and entry rights are spread out over the fixed term of the lease.

The changes in rents by asset-type break down as follows:

- a decrease in rental income from France Offices (-5.1%), mainly due to the impact of asset disposals (-€11.7 million) and vacancies (-€11.8 million) fuelling the development pipeline, partially offset by the delivery of assets under development in 2018 and 2019 (+€6.5 million) and reletting/indexing (+€7.7 million)

3.2.6.1.2. Share-based payments (IFRS 2)

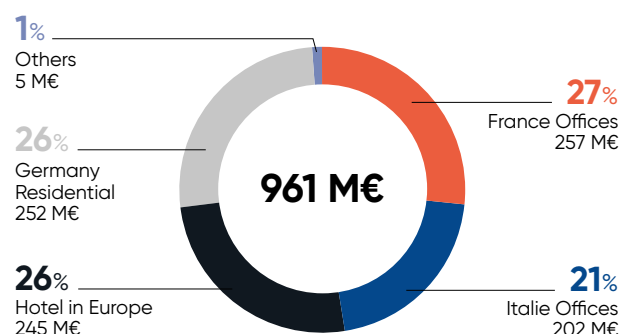
The application of IFRS 2 has resulted in the recognition of an expense for benefits granted to employees as share-based payments. This expense is recorded in income for the year under overheads.

Free shares are valued by Covivio at the date of their award according to a binomial valuation model. This model takes into account the features of the plan (price and exercise period), market data upon award (risk free rate, share price, volatility and expected dividends), and assumptions of beneficiary behaviour. The benefits thus granted are recognised as expenses over the vesting period, and offset by an increase in the consolidated reserves.

- a decrease in rental income from Italy Offices (-1.9%) due to disposals (-€16.2 million), reduced by the impact of acquisitions (+€3.3 million) as well as deliveries (+€7.4 million)
- an increase in rental income from Hotels in Europe (+6.7%), mainly due to the impact of acquisitions (+€35.7 million), indexing (+€1.5 million) and deliveries of assets under development (+€3.9 million) minus the impact of disposals (-€26.1 million)
- an increase in rental income from Germany Residential (+4.4%) following acquisitions (+€9.7 million), and reletting/indexing (+€8.6 million), mitigated by disposals (-€7.9 million)
- a 36.8% decrease in the Other (France Residential) segment due to disposals and assets made vacant for their disposal.

Note that the tenant Accor accounts for 10% of total revenues.

Rental income for the year 2019 by Operating segment (in €M)



3.2.6.2.2. Property costs

(€K)	31/12/2019	31/12/2018	Change (€K)	Change (%)
Rental income	961,320	955,891	5,428	0.6%
Rebillable expenses	-129,696	-132,840	3,144	-2.4%
Income from rebilling of expenses	129,696	132,840	-3,144	-2.4%
Unrecovered rental costs	-37,007	-31,945	-5,062	15.8%
Expenses on properties	-30,951	-36,915	5,965	-16.2%
Net losses on unrecoverable receivables	-4,550	-3,200	-1,350	42.2%
NET RENTAL INCOME	888,813	883,831	4,982	0.6%
Rate for property expenses	-7.5%	-7.5%		

- Unrecovered rental costs: These expenses correspond to charges on vacant premises.
- Expenses on properties: these consist of rental expenses that are borne by the owner, expenses related to works and expenses related to property management.
- Net losses on unrecoverable receivables: these consist of losses on unrecoverable receivables and net provisions on doubtful receivables. The fiscal year 2019 was impacted by the bankruptcy of the tenant Sequana in our Office building located in Boulogne (€1.6 million in unpaid receivables written off).

3.2.6.2.3. EBITDA from hotel operating activity and Flex Office and Income from other activities

(€K)	31/12/2019	31/12/2018	Change (€K)	Change (%)
Revenues from hotel operating activity and Flex Office	243,223	257,308	-14,085	-5.5%
Operating expenses of hotel operating activity and Flex Office	-168,170	-181,477	13,307	-7.3%
EBITDA FROM HOTEL OPERATING ACTIVITY AND FLEX OFFICE	75,053	75,831	-778	-1.0%
Income from other activities	47,650	29,213	18,437	63.1%
Expenses of other activities	-30,825	-24,421	-6,404	26.2%
INCOME FROM OTHER ACTIVITIES	16,825	4,792	12,033	251%

- EBITDA from hotel operating activity and Flex Office consists of the EBITDA of the hotels under operation (+€699 million) and the income from Flex Office (+€5.1 million). The €6.8 million reduction in EBITDA from hotel operating activity is related to the disposal of the Westin Dresden and the period of works on the Nice Méridien. This decrease is offset by the ramp-up of Flex Office activity, which is up by nearly €6 million compared to 2018.
- Income from other activities rose by €12.0 million, primarily as a result of the increase in income from the property development business line in Germany (+€6.2 million) and in income from car parks (+€5.8 million). The rise in income from car parks reflects mainly the transfer of rental expenses (+€6.4 million) to depreciation and amortisation charges and interest costs for rental liabilities, following the application of IFRS 16.

3.2.6.2.4. Net cost of operations

These consist of head office expenses and operating costs net of revenues from management and administration activities.

(€K)	31/12/2019	31/12/2018	Change (€K)	Change (%)
Management and administration income	23,018	20,042	2,976	14.8%
Business expenses	-5,648	-6,140	492	-8.0%
Overheads	-127,409	-128,393	984	-0.8%
Development costs (not capitalised)	-1,819	-585	-1,234	N/A
TOTAL NET OPERATING COSTS	-111,859	-115,076	3,217	-2.8%

Net operating costs are down €3.2 million. They benefited from the €3.0 million increase in management revenue, driven by the property management activity for third parties, conducted by Revalo in Italy (+€1.0 million) and the billing of finder's fee commissions (+€3.9 million).

Overheads include staff costs, which are described under section 3.2.7.1.1.

3.2.6.2.5. Depreciation of operating assets and net change in provisions and other

(€K)	31/12/2019	31/12/2018	Change (€K)
Depreciation of operating assets	-65,004	-60,120	-4,884
Net change in provisions and other	12,830	6,277	6,553

The €4.9 million increase in the Depreciation of operating assets item mainly reflects the impact of the depreciation of right-of-use assets for operating properties and other tangible fixed assets in accordance with IFRS 16 (-€12.7 million).

The Net change in provisions and other item includes the rebilling of long-term leases conferring ad rem rights to tenants

(+€9.2 million in 2019 versus €3.7 million in 2018) when the rental expense is restated. Indeed, in order not to distort the property expense ratio and following the cancellation of the rental expense in accordance with IFRS 16, the income from rebilling to tenants is no longer presented in the line item "Expenses on properties" but as a net change in provisions and other.

3.2.6.3. Income from asset disposals

(€K)	31/12/2019	31/12/2018	Change (€K)	Change (%)
Income from asset disposals ⁽¹⁾	1,257,471	1,291,901	-34,430	-2.7%
Carrying value of investment properties sold ⁽²⁾	-1,256,405	-1,194,478	-61,927	5.2%
INCOME FROM ASSET DISPOSALS	1,066	97,423	-96,357	-99%

(1) Sale price net of disposal costs.

(2) Corresponds to the appraisal values published at 31 December 2018.

It should be noted that 2018 shows a significant proceeds on disposal (+€97.4 million) due to the sale of Parisian assets used by the Group (owner occupied building), which were not recognised at fair value but at amortised cost.

3.2.6.4. Change in the fair value of assets

(€K)	31/12/2019	31/12/2018	Change (€K)
France Offices	231,040	110,643	120,397
Italy Offices	-9,617	-43,666	34,049
Hotels in Europe	250,405	100,425	149,980
Germany Residential	532,702	459,215	73,487
Other (including France Residential)	-896	-5,924	5,028
TOTAL CHANGE IN FAIR VALUE OF PROPERTIES	1,003,634	620,693	382,941

Half of the €1,004 million positive change in the fair value of properties relates to the Germany Residential portfolio for +€533 million (essentially assets located in Berlin), the other half comes from the France Offices and Hotels in Europe segments.

3.2.6.5. Income from changes in scope

Income from changes in the scope corresponds mainly to the acquisition costs of consolidated equity investments, which, in accordance with IFRS 3 Business Combinations, must be recognised as expenses for the year.

At 31 December 2019, income from changes in the scope -€22,255 thousand mainly concerns the segments Hotels in Europe for -€14,955 thousand and German Residential for -€5,685 thousand.

3.2.6.6. Cost of the net financial debt

(€K)	31/12/2019	31/12/2018	Change (€K)	Change (%)
Interest income on cash transactions	15,487	21,429	-5,942	-27.7%
Interest expense on financing operations	-168,143	-172,663	4,519	-2.6%
Regular amortisations of loan issue costs	-13,920	-14,484	564	-3.9%
Net expenses on hedges	-43,589	-36,735	-6,853	18.7%
COST OF NET DEBT	-210,166	-202,453	-7,712	3.8%
Average annual rate of debt	1.55%	1.55%		

Excluding costs to repurchase fixed-rate debt and penalties (€33.2 million at 31 December 2019 versus €12.2 million at 31 December 2018), the cost of debt declined by €13.3 million, under the effect of refinancings and restructured hedges.

3.2.6.7. Net financial income/(charges)

(€K)	31/12/2019	31/12/2018	Change (€K)	Change (%)
Cost of net financial debt	-210,166	-202,453	-7,712	3.8%
Interest cost for rental liabilities	-13,526	-4,594	-8,932	N/A
Changes in the fair value of financial instruments	-179,731	-41,230	-138,501	
Changes in the fair value of Orname-type bonds	-16,652	25,078	-41,730	
Changes in the fair value of financial instruments	-196,383	-16,152	-180,231	N/A
Net financial expenses from discounting	-173	-656	483	
Expenses from discounting liabilities and receivables	-173	-656	483	-73.6%
Exceptional amortisations of loan issue costs	-10,626	-11,466	840	-7.3%
Other	-20	215	-235	-109.4%
Exceptional amortisations of loan issue costs	-10,646	-11,251	605	-5.4%
TOTAL FINANCIAL INCOME	-430,894	-235,106	-195,788	83.3%

The drop in interest rates impacted the fair value of financial instruments by nearly €200 million. As a result, financial income is a net expense of €430.9 million in 2019 versus €235.1 million in 2018.

3.2.6.8. Taxes payable and deferred tax liabilities

3.2.6.8.1. Accounting principles applicable to current and deferred taxes

SIIC tax regime (French companies)

Opting for the SIIC tax regime involves the immediate liability for an exit tax at the reduced rate of 19% on unrealised capital gains relating to assets and securities of entities not subject to corporation tax. The exit tax is payable over four years, in four instalments, starting with the year the option is taken up. In return, the Company is exempted from income tax on the SIIC business and is subject to distribution obligations.

(1) Exemption of SIIC revenues

The revenues of the SIIC are exempt from taxes concerning:

- income from the leasing of assets
- capital gains realised on asset disposals, investments in companies having opted for the tax treatment or companies not subject to corporation tax in the same business, as well as the rights under a lease contract and real estate rights under certain conditions
- dividends of SIIC subsidiaries.

(2) Distribution obligations

The distribution obligations associated with exemption profits are the following:

- 95% of the earnings derived from asset leasing

- 70% of the capital gains from disposals of assets and shares in subsidiaries having opted for the tax treatment or subsidiaries not subject to corporation tax with a SIIC corporate purpose for two years
- 100% of dividends from subsidiaries that have opted for the tax treatment.

The Exit Tax liability is discounted on the basis of the initial payment schedule determined from the first day the relevant entities adopted SIIC status.

The liability initially recognised is discounted and an interest charge is applied at each closing, allowing the liability to reflect the net discounted value as at the closing date. The discount rate used is based on the yield curve, given the deferred payment.

At 31 December 2019, there are no exit tax liabilities on the balance sheet.

Ordinary law regime and deferred taxes

Deferred taxes result from temporary differences in taxation or deduction and are calculated using the liability method, and on all temporary differences in the Company financial statements, or resulting from consolidation adjustments. The valuation of the deferred tax assets and liabilities must reflect the tax consequences that would result from the method by which the Company seeks to recover or settle the book value of its assets and liabilities at year-end. Deferred taxes are applicable to Covivio group entities that are not eligible for the SIIC tax regime.

A deferred tax asset is recognised in the case of deferrable tax losses in the likely event that the entity in question, not eligible for the SIIC regime, will have taxable future profits against which the tax losses may be offset.

In the case where a French company intends to opt directly or indirectly for SIIC tax treatment in the near future, an exception under the ordinary law regime is applied by anticipating the application of the reduced rate (exit tax) in the valuation of deferred taxes.

SIQ tax regime (Italian companies)

Following Beni Stabili's merger with Covivio, the tax arrangements for Covivio's permanent establishment in Italy changed after it left the SIQ tax regime. It will be subject to the 20% tax on real estate companies from 2019.

SOCIMI tax regime (Spanish companies)

The Spanish companies held by Covivio Hotels opted for the SOCIMI tax regime, effective on 1 January 2017. Opting for SOCIMI does not trigger an exit tax upon making the option. However, the capital gains on the period outside of the SOCIMI regime during which assets were held are taxable when disposing of said assets.

The rental income from the leasing of assets and proceeds from disposals of assets held under the SOCIMI regime are exempt, provided 80% of rental profits and 50% of asset disposal profits are distributed. These capital gains are determined by allocating the taxable gains to the period outside the SOCIMI regime in a linear basis, over the total holding period.

3.2.6.8.2. Taxes and theoretical tax rate by geographical area

(€K)	Taxes payable	Deferred tax liabilities	Total	Deferred tax rate
France	-738	9,371	8,633	25.83% ⁽¹⁾
Italy	-411	-18,314	-18,725	20.00% ⁽²⁾
Germany	-18,404	-107,736	-126,140	15.83% ⁽³⁾
Belgium	-1,491	-1,415	-2,906	25.00% ⁽⁴⁾
Luxembourg	263	-5,349	-5,086	30.00%
United Kingdom	-1,896	12,789	10,893	17.00%
Netherlands	-1,031	-504	-1,535	22.25% ⁽⁵⁾
Portugal	-279	-1,998	-2,277	23.00%
Spain	0	-478	-478	25.00%
Ireland	-8	0	-8	32.00% ⁽⁶⁾
Poland	0	-6	-6	9.00%
TOTAL	-23,995	-113,640	-137,621	

(-) corresponds to a tax expense; (+) corresponds to a tax income.

(1) In France, the tax rate for fiscal year 2019 is 32.02%. The tax rate will be 28.9% in 2020, 27.4% in 2021 and 25.83% from fiscal year 2022.

(2) Since the merger with Covivio and its exit from the SIQ regime, Covivio in Italy has been subject to a 20% tax rate.

(3) In Germany, the tax rate on property goodwill is 15.83%, however, for companies in the hotel operations business line, tax rates vary between 30.18% and 32.28%.

(4) In Belgium, the tax rate used for 2019 is 29.58%. It will go down to 25% as of 2021.

(5) In the Netherlands, the tax rate for fiscal year 2019 is 24.3%. The tax rate will be 23.9% in 2020 and 22.25% from fiscal year 2021.

(6) In Ireland, the tax rate for fiscal year 2019 is 12.5% for operating activities, 25% for holding companies and 32% for capital gains on disposals.

The income tax payable on disposals amounts to €9.4 million, including €4.4 million for companies in the Operating Properties business line (Germany portfolio) and €5.6 million for the Germany Residential segment.

Impact of deferred taxes on income

(€K)	31/12/2019	31/12/2018	Variation
France Offices	0	0	0
Italy Offices	-18,314	11,316	-29,630
Hotels in Europe	-2,200	-7,230	5,030
Germany Residential	-93,117	-94,145	1,028
Other	-9	9	-18
TOTAL	-113,640	-90,050	-23,590

- In Italy Offices, the deferred tax expense mainly relates to an increase in the value of assets and SIINQ income that will become taxable when they are distributed to Covivio.
- The deferred tax income from Hotels in Europe relates to the rise in appraisal values in the hotel segment abroad (-€11.6 million) offset by deferred tax income from the Operating Properties business line (+€9.4 million) following the reduction in tax rates in France (25.83% against 28.93%).
- The deferred tax expense of Germany Residential mainly relates to an increase in the value of assets.

3.2.6.8.3. Tax proof

The management companies that opted for the SIIC/SOCIMI tax regime in previous years do not pay corporate income tax, except for those that also have a taxable business activity.

Net income before taxes and before income of equity affiliates is neutralised, including for their taxable activities and their transparent taxable subsidiaries.

Accordingly, the tax proof is required solely for taxable French and international companies.

Breakdown of tax by taxable segment (€K)	France (SIIC) Spain (SOCIMI)	France Common Law	Foreign Common Law	31/12/2019
Net income before tax, before income of equity affiliates	529,191	-2,733	843,691	1,370,149
Income tax expense recorded	-15,803	5,453	-127,286	-137,635

The actual tax expense recognised in the SIIC/SOCIMI tax segment includes deferred tax expenses of €18,314 thousand in Italy.

(€K)	31/12/2019
Net Income before tax	1,399,450
Share of income from equity affiliates	-29,301
Net income before tax, before income of equity affiliates	1,370,149
of which SIIC/SOCIMI companies	529,191
of which companies subject to tax	840,958
Theoretical tax rate of 32.02%	(a) -269,299
Impact of rate differentials	111,154
Impact of tax credits and fixed tax rates	-254
Impact of permanent differences	37,209
Changed to prior year losses without DTA	5,825
Tax deficits without DTA	-11,786
Total tax impacts for the period	(b) 142,148
Impact of tax audits and taxes on prior years	(c) 5,321
Income tax expense recorded	(a)+(b)+(c) -121,830
OVERALL EFFECTIVE TAX RATE	14.49%

3.2.7. Other information

3.2.7.1. Personnel remuneration and benefits

3.2.7.1.1. Staff costs

At 31 December 2019, personnel expenses amounted to €159.3 million (compared with €149.0 million at 31 December 2018), breaking down as follows:

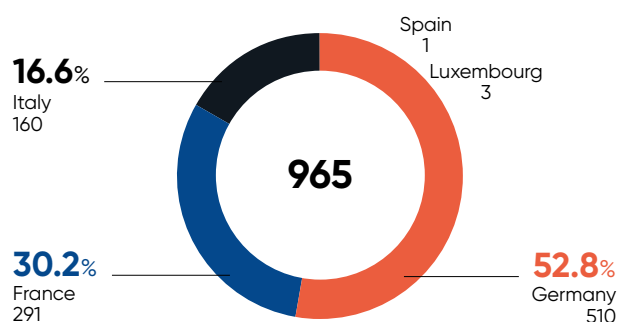
(€K)	31/12/2019	31/12/2018
EBITDA from hotel operating activity and Flex Office	-56,264	-59,256
Overheads ⁽¹⁾	-82,259	-78,491
Income from asset disposals	-4,127	-3,617
TOTAL PERSONNEL EXPENSES IN THE STATEMENT OF NET INCOME	-142,650	-141,364
Development projects	-16,642	-7,656
TOTAL CAPITALISED PERSONNEL EXPENSES	-16,642	-7,656
TOTAL PERSONNEL EXPENSES	-159,292	-149,020

(1) Including free shares charges.

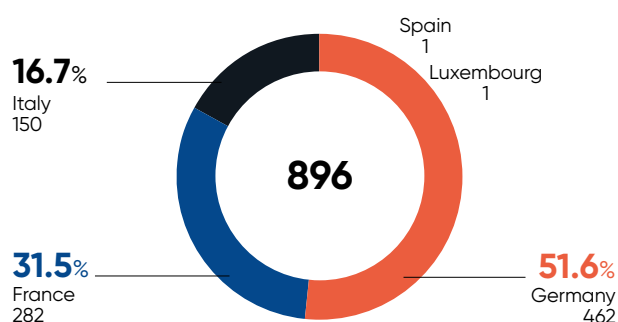
Headcount

At 31 December 2019, the headcount of fully consolidated companies, excluding companies in the Operating Properties business line, was 965 compared with 896 at 31 December 2018.

Headcount by country in number of employees



Headcount in 2019



Headcount in 2019

The average headcount during 2019 was 937 employees.

The companies in the Operating Properties business line had an average headcount of 1,481 people. The increase compared with 31 December 2018 (1,467 employees) is mainly due to the acquisition of a hotel in Dublin, offset by the disposal of Westin Dresden on 29 March 2019.

3.2.7.1.2. Description of share-based payments

Covivio awarded free shares in 2019. The following assumptions were made for the free shares:

Plan of 20 February 2019	Employees – without performance condition	Corporate officers – with performance condition – performance scenario	Corporate officers – with performance condition – internal Covivio target
Date awarded	20/02/2019	20/02/2019	20/02/2019
Number of shares awarded	14,708	13,750	13,750
Share price on the date awarded	€87.80	€87.80	€87.80
Exercise period for rights	3 years	3 years	3 years
Cost of forfeiture of dividends	-€14.18	-€14.18	-€14.18
Actuarial value of the share net of dividends not collected during the vesting period	€73.62	€73.62	€73.62
Revenue-related discount:			
In number of shares	1,759	1,644	1,644
As percentage of share price on the date awarded	12%	12%	12%
Value of the benefit per share	€63.12	€48.84	€47.34

Plan of 21 November 2019	Group Plan – Employees and Executives without performance conditions – France & Spain	Group plan – Employees and Executives without performance condition – Italy	Group plan – Employees and Executives without performance condition – Germany
Date awarded	21/11/2019	21/11/2019	21/11/2019
Number of shares awarded	46,685	6,500	17,745
Share price on the date awarded	€101.70	€101.70	€101.70
Exercise period for rights	3 years	3 years	3 years
Cost of forfeiture of dividends	-€14.42	-€14.42	-€14.42
Actuarial value of the share net of dividends not collected during the vesting period	€87.28	€87.28	€87.28
Revenue-related discount:			
In number of shares	7,839	1,091	2,979
As percentage of share price on the date awarded	17%	17%	17%
Value of the benefit per share	€70.20	€70.20	€70.20

In 2019, a total of 113,138 free shares were awarded (the number was unchanged at 31 December 2019 – No cancellations due to employee departures). As stated elsewhere, the corresponding expense is recognised in income over the entire vesting period.

The cost of the free share recognised at 31 December 2019 amounted to €8,129 thousand, while the related social security contribution was €1,572 thousand. These expenses are presented in the income statement on the "Overheads" line.

The cost of the free shares includes the impact of the 2015 plan for €15 thousand, the 2016 plan for €1,198 thousand, the 2017 plan for €2,752 thousand, the 2018 plan for €3,242 thousand, and the 2019 plan for €922 thousand.

3.2.7.2. Earnings per share and diluted earnings per share

Earnings per share (IAS 33)

Basic earnings per share are calculated by dividing the income attributable to holders of ordinary Covivio shares (the numerator) by the average weighted number of ordinary shares outstanding (the denominator) over the period.

To calculate the diluted earnings per share, the average number of shares outstanding is adjusted to reflect the conversion of all dilutive potential ordinary shares, including free shares being vested and convertible bonds (ORNANE) type.

The impact of the dilution is only taken into account if it is dilutive.

The dilutive effect is calculated using the treasury stock method. The number calculated using this method is added to the average number of shares outstanding and becomes the denominator. To calculate the diluted earnings, the income attributable to the holders of ordinary Covivio shares is adjusted by:

- all dividends or other items under potentially dilutive ordinary shares that were deducted to arrive at the income attributable to the holders of ordinary shares
- interest recognised during the fiscal year to the potentially dilutive ordinary shares
- any change in the income and expenses resulting from the conversion of the dilutive potential ordinary shares.

	Net income
GROUP SHARE IN (€K)	746,987
Interest on Ornane-type bonds	1,750
Changes in the fair value of Ornane-type bonds	4,173
GROUP SHARE AFTER CONVERSION OF THE ORNANE-TYPE BONDS (€K)	752,910
Average number of undiluted shares	85,236,197
Impact of dilution – free shares⁽¹⁾	454,604
<i>Number of free shares⁽¹⁾</i>	<i>454,604</i>
Average number of shares diluted by free shares	85,690,801
Dilution impact of conversion of Italy 2021 Ornane-type bonds	1,783,647
<i>Conversion of Ornane-type bonds</i>	<i>1,783,647</i>
Average number of diluted shares after conversion of Ornane-type bonds	87,474,448
NET PROFIT (LOSS) PER NON-DILUTED SHARE (€)	8.76
Impact of dilution – free shares (€)	-0.05
Diluted earnings per share of free shares (€)	8.72
DILUTED EARNINGS PER SHARE OF FREE SHARES AND ORNANE-TYPE BONDS (€)	8.61

(1) The number of shares being vested is broken down according to the following plans:

2016 Plan	45,000
2017 Plan	97,733
2018 Plan	198,733
2019 Plan	113,138
Total	454,604

In accordance with IAS 33 section 49 "Earnings per share", the impact from the dilution related to the conversion as at 1 January 2019 of the Italy Ornane-type bonds maturing in 2021 is taken into account, because the latter is dilutive.

3.2.7.3. Off-balance sheet commitments

3.2.7.3.1. Commitments given

Fully consolidated companies

Off-balance sheet commitments given (€M)	Deadline	31/12/2019	31/12/2018
Commitments related to consolidated companies		574.1	80.0
Commitments related to investments ⁽¹⁾		573.3	78.2
Commitments given for specific transactions		0.0	0.0
Commitments given for disposal of equity interests – Liabilities guarantees ⁽²⁾	2020	0.8	1.8
Commitments related to financing		5,911.8	6,470.9
Financial guarantees given (CRD of pledged debt)		5,911.8	6,470.9
Commitments related to operating activities		1,710.4	1,273.5
Commitments given related to business development		1,129.3	466.6
Work commitments outstanding on assets under development ⁽³⁾		994.0	434.7
Purchase commitments		5.0	0.0
Bank guaranties and other guaranties given		130.3	31.9
Commitments given related to the implementation of operating contracts		256.7	248.0
Work commitments outstanding on investment properties ⁽⁴⁾		230.9	166.2
Other contractual commitments given in "rental income owed"	2037-2051	25.8	81.8
Commitments related to asset disposals		324.3	558.8
Preliminary sale agreements given		324.3	558.8

(1) Investment commitments after deduction of deposits paid amounting to €27 million (see section 3.3.9 Subsequent events).

(2) Covivio granted liability guarantees in the context of Logistics asset disposals in the amount of €0.8 million maturing in 2020.

(3) Work commitments outstanding on assets under development:

(€M)	Cost of works budgets signed	Amounts of works recognised	Total works commitment outstanding	Delivery date
Levallois Alis	64.6	3.9	60.7	2022
DS Campus extension	126.8	0.4	126.3	2022
N2 Batignolles	89.7	11.2	78.6	2022
Lyon Silex 2 nd tranche	135.3	68.0	67.2	2021
Montrouge Flow	89.8	42.4	47.4	2020
Paris So Pop	118.4	5.4	113.0	2021
Châtillon Iro	138.8	93.2	45.6	2020
Meudon Opale	129.3	14.0	115.3	2020-2021
Montpellier Orange	45.1	8.6	36.5	2021
Montpellier Rie	19.1	5.1	14.0	2021
Meudon Ducasse	19.5	11.5	8.0	2020
Total France Offices	976.4	263.7	712.7	
Milan, via Schievano	65.2	45.3	19.9	2020
Milan, piazza Duca d'Aosta	4.3	3.0	1.3	2020
Milan, Symbiosis area	224.7	15.0	209.7	2020-2022
Turin, Corso Ferrucci	31.7	20.4	11.3	2020
Milan, via Unione/via Torino	7.4	0.0	7.4	2021
Via Santander/via Schievano	30.8	0.1	30.6	2022
Total Italy Offices	364.2	83.9	280.3	
B&B Lyon Bagnole	7.8	6.7	1.1	2020
Total Hotels in Europe	7.8	6.7	1.1	
GRAND TOTAL	1,348.4	354.3	994.0	

(4) Work commitments outstanding on investment properties:

(€M)	Cost of works budgets signed	Amounts of works recognised	Total works commitment outstanding	Delivery date
Commitments to works on lease or lease renewal	32.6	28.1	4.5	
Elevators modernization work	11.0	8.7	2.3	2020
Jean Goujon	45.1	11.1	34.0	2021
Paris Gobelins	22.5	6.6	15.9	2020
Total France Offices	111.2	54.4	56.8	
Works on investment properties	6.5	3.2	3.3	2020
Milan, via Dante (Flex Office)	12.3	7.3	5.0	2020
Milan, Corso Italia	24.2	0.0	24.2	2022
Total Italy Offices	43.0	10.5	32.5	
AccorHotels hotels	10.3	6.9	3.4	2020
B&B Hotels	57.5	56.4	1.1	2020
Total Hotels in Europe	67.8	63.3	4.4	
Projects Residential (mainly in Berlin)	210.9	41.2	169.7	2020-2022
Total German Residential	210.9	41.2	169.7	
GRAND TOTAL	389.8	158.9	230.9	

Other commitments given related to consolidated companies

Other commitments:

- under its SIIC status, the Group has specific obligations, as set out in Section 3.2.6.71
- under the free share plans awarded (see Section 3.2.7.2), Covivio has undertaken to deliver (through acquisition or creation) 454,604 shares to the beneficiaries present at the end of the vesting period
- the Central Facilities of the Sunparks asset were contributed to Foncière Vielsalm Loisirs, of which Covivio Hotels holds 35.7% of the share capital but only 2.7% of the voting rights with the possibility for Covivio Hotels to exercise a put option at the end of the 10th year
- as part of the partnership with ACM VIE in the SCIs 9 and 15 rue des Cuirassiers (with the Silex properties), Covivio granted a guaranteed return dated 7 December 2017, which works as follows:
 - 2.80% per year beginning 7 December 2017 and ending at the close of the Silex 2 incentive period, or sixteen (16) months after delivery, for up to a minimum of fifty-four (54) months from the signing of this guarantee
 - this is after deducting any money paid by one of the SCIs to ACM VIE as a dividend (or interim dividend), repayment of premium, or interest during the guaranteed return period
 - in the event that subsequent to the end of the term of this guarantee, money is paid by the SCIs to ACM VIE, the partner would have to pay back these amounts to Covivio within ten (10) working days of their receipt.

Companies consolidated by the equity method

Information is presented for the Group Share.

Off-balance sheet commitments given (€M)	Deadline	31/12/2019	31/12/2018
Commitments related to consolidated companies		0.0	0.0
Commitments related to investments		0.0	0.0
Commitments given for specific transactions		0.0	0.0
Commitments related to financing		154.4	181.2
Financial guarantees given		154.4	181.2
Commitments related to operating activities		14.1	27.2
Financial instruments concluded for the reception or delivery of non financial elements (contracts "own use")		0.0	0.0
Commitments related to operating activities		14.1	25.9
Work commitments outstanding on assets under development ⁽¹⁾		14.1	25.9
Bank guaranties and other guaranties given		0.0	0.0
Commitments given related to the implementation of operating contracts		0.0	1.3
Work commitments outstanding on investment properties		0.0	1.3
Exercise of finance lease options		0.0	0.0

(1) Work commitments outstanding on assets under development:

(€M)	Cost of works budgets signed	Amounts of works recognised	Total works commitment outstanding	Delivery date
Belaïa	30.0	15.8	14.1	2020
Total France Offices	30.0	15.8	14.1	
GRAND TOTAL	30.0	15.8	14.1	

3.2.7.3.2. Commitments received

Fully consolidated companies

Off-balance sheet commitments given (€M)	Deadline	31/12/2019	31/12/2018
Commitments related to consolidated companies		0.0	2.0
Other		0.0	2.0
Commitments related to financing		1,517.3	1,973.4
Financial guarantees received (authorised lines of credit not used)		1,517.3	1,973.4
Commitments related to operating activities		5,951.7	5,541.7
Other contractual commitments received related to the activity "Rent to be collected" ⁽¹⁾		3,713.4	4,003.6
Assets received in pledge, mortgage or collateral. as well as guarantees received		684.8	369.9
Other contractual commitments received related to activity	2020	4.3	8.5
Preliminary sale agreements received		324.3	558.8
Works commitment outstanding (fixed assets) = (3) + (4) commitments given		1,224.9	600.9

(1) Other contractual commitments received related to the "Rent to be collected" activity:

(€M)	France Offices	Italy Offices	Hotels in Europe	Total
Under 1 year	202.9	5.5	172.0	380.4
1 to 5 years	584.6	33.9	807.0	1,425.5
Over 5 years	159.3	35.2	1,712.9	1,907.4
TOTAL	946.8	74.6	2,692.0	3,713.4

These are minimum payments to be received for non-cancellable operating leases.

Companies consolidated by the equity method

Information is presented for the Group Share.

Off-balance sheet commitments given (€M)	Deadline	31/12/2019	31/12/2018
Commitments related to consolidated companies		0.0	0.0
Commitments given for specific transactions		0.0	0.0
Commitments related to financing		8.8	0.0
Commitments related to financing not specifically required by IFRS 7		0	
Financial guarantees received (authorised lines of credit not used)		8.8	0.0
Commitments related to operating activities		54.5	36.7
Assets received in pledge, mortgage or collateral, as well as guarantees received		40.4	9.5
Worls commitment outstanding (fixed assets) = (1) + (2) commitments given		14.1	27.2

Commitments on operating leases

General overview of the main provisions of simple operating lease agreements.

France Offices

Lease types	France Offices	
	Orange	Other offices
Conditions for renewal or purchase options	Proposed 6 month renewal or 12 months depending on the lease before lease maturity	Proposed 6 month renewal or 12 months depending on the lease before lease maturity
Indexing clauses	ILAT	ICC/ILAT
Term	3-6-9-12 years	3-6-9-12 years

The firm residual duration of leases of France Offices was 4.6 years, as at 31 December 2018.

Hotels in Europe

Lease types	AccorHotels Hotels	Sunparks	Club Med
Conditions for renewal or purchase options	Proposal for renewal 18 months before the expiration of the lease The tenant has 6 months to accept or refuse the renewal	Proposal for renewal 15 months before lease expiry for a 10-year term	Proposal for renewal 9 months before the expiration of the term of validity. Renewal on the same terms as the existing lease – 15 years, of which eight are fixed and irrevocable
Indexing clauses	Based on Hotel revenues	In line with the change in the healthcare index published by Moniteur Belge	In line with the value of the Eurostat CPI index
Term	12 years firm	15 years firm	15 years firm

Lease types	Courtepaille restaurants	Jardiland
Conditions for renewal or purchase options	Renewal at the end of the lease with the same conditions and charges as the initial lease	Renewable for a period of 9 years. For the first renewal, the tenant commits to a fixed and irreducible term of 6 years. As of the second renewal, option for the tenant to give notice after each second three-year period.
Indexing clauses	In line with the change in the commercial rent index (ILC)	In line with the change in the commercial rent index (ILC)
Term	Leases for 3-6-9 years	Leases for 6-12 years, 6-9-12 years or 12 years firm

Lease types	B&B Hotels France	B&B Hotels Germany	B&B Hotels Spain
Conditions for renewal or purchase options	Renewable twice for 12 years, then once for 9 years (with the option to terminate every 3 years)	Two 5-year renewal options under the same conditions and charges	Renewable twice for 15 years on the tenant's request
Indexing clauses	In line with the change in the commercial rent index (ILC)	In line with the change in the German consumer price index (VPI)	100% of the Spanish CPI
Term	12 years firm	20 years firm	15 years firm

Lease types	NH Hotels	Motel One Hotels	B&B Hotels Germany 2
Conditions for renewal or purchase options	Renewal at expiration of the lease Four 10-year renewal options	Two 5-year renewal options under the same conditions and charges	Two 5-year extensions possible on the tenant's request
Indexing clauses	In line with the change in the consumer price index (CPI)	In line with the change in the German consumer price index (VPI)	100% of the German CPI
Term	20 years firm	20 years firm	20 years firm

Lease types	B&B Hotels Germany 3	Hotels in the United Kingdom	B&B Hotels Poland
Conditions for renewal or purchase options	Two 5-year extensions possible on the tenant's request	No option to renew or purchase	No option to renew or purchase
Indexing clauses	100% of the German CPI	100% of the English CPI	100% of the Polish CPI
Term	20 years firm	25 years firm	15 years firm

Lease types	Bardiomar	Trade Center Hotel	Rocatierra
Conditions for renewal or purchase options	N/A	N/A	N/A
Indexing clauses	Variable rent with minimum guarantee. Variable depending on revenue	Based on the Spanish CPI	Based on the Spanish CPI – Variable depending on revenue
Term	45 years firm	20 years firm	12 years firm

The firm residual duration of leases of Hotels in Europe was 13.7 years, versus 13.4 years at 31 December 2018.

3.2.7.4. Related-party transactions

The information mentioned below concerns the main related-parties, namely equity affiliates.

■ Details of related-party transactions (in €K)

Partner	Type of partner	Operating income	Net financial income/ (charges)	Balance sheet	Comments
Cœur d'Orly	Equity affiliates	657	0	554	Monitoring of projects and investments, Loans, Asset and property fees
Euromed	Equity affiliates	539	0	28,596	Loans, Asset and property fees
Lenovilla	Equity affiliates	353	0	24,763	Loans, Asset and property fees
SCI Factor E and SCI Orianz	Equity affiliates	105	248	17,268	Loans, Asset and property fees

3.2.7.5. Compensation of Covivio executives

(€K)	31/12/2019	31/12/2018
Management		
Short-term benefits (fixed/variable)	3,171	2,611
Post-retirement benefits		
Long-term benefits		
Benefits in kind	101	99
Compensation for termination of contract		
TOTAL	3,272	2,710
Directors		
ATTENDANCE FEES	512	596

The variable portion does not include the free shares awarded. Moreover, 42,208 free shares were awarded to the senior executives of all Group subsidiaries in 2019 (including 27,500 shares awarded subject to performance conditions) and will be fully vested in 2022.

In case of involuntary departure, an indemnity will be awarded to the following senior executives:

- Christophe Kullmann (Chief Executive Officer)
- Olivier Estève and Dominique Ozanne (Deputy Chief Executive Officers).

This amount will be equal to 12 months of total remuneration (fixed salary and the annual variable portion), plus one month of additional remuneration per year of employment. The benefit of this indemnity will be subject to two performance conditions (change in NAV and achievement of the target performance of the annual bonus), see section 4.3.2.3.2.

3.2.7.6. Statutory Auditors' fees

(€K)	Mazars				Ernst & Young and others				Others			
	Amount		%		Amount		%		Amount		%	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Statutory Auditors, certification, audit of company and consolidated financial statements	1,284	1,223	44%	43%	1,557	1,512	53%	53%	103	93	3%	3%
Issuer	325	312	47%	50%	360	312	53%	50%				
Fully consolidated affiliates	882	905	45%	46%	1,027	1,045	52%	54%	70	69	4%	3%
Equity affiliates	77	7	28%	4%	170	155	61%	83%	33	24	12%	13%
Services other than auditing⁽¹⁾	69	111	23%	12%	233	852	77%	88%	91	0		
Issuer	20	5	20%	7%	81	65	80%	93%				
Fully consolidated affiliates	49	106	17%	12%	152	786	52%	88%	91			
Equity affiliates	0	0	N/A	N/A	0	0	N/A	N/A				
TOTAL	1,353	1,334	41%	35%	1,790	2,363	54%	62%	194	93	6%	2%

(1) Services other than auditing performed in 2019 relate to the CSR (€133 thousand), and other operations (€260 thousand).

3.2.8. Segment reporting

3.2.8.1. Accounting principles as regards operating segments – IFRS 8

The Covivio group holds a wide range of real estate assets to collect rental income and benefit from appreciation in the assets held. Segment reporting is organised by asset type.

The operating segments are as follows:

- France Offices: office real estate assets located in France
- Italy Offices: real estate office and retail assets located in Italy
- Hotels in Europe: commercial buildings largely in the hotel segment and hotel operating properties held by Covivio Hotels
- Germany Residential: real estate assets in Germany held by the Covivio Group through its subsidiary Covivio Immobilien SE.

These segments are reported on and analysed regularly by Group management in order to make decisions on what resources to allocate to the segment and to evaluate their performance.

The Other segment includes non-significant activities such as car park rentals and the France Residential business.

3.2.8.2. Intangible assets

2018 (€K)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	Other (including France Residential)	Total
Intangible fixed assets and goodwill	2,034	2,940	146,444	1,952	18,832	172,203
NET	2,034	2,940	146,444	1,952	18,832	172,203

2019 (€K)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	Other (including France Residential)	Total
Intangible fixed assets and goodwill	2,954	2,496	142,517	824	17,966	166,758
NET	2,954	2,496	142,517	824	17,966	166,758

The column "Other" includes the intangible fixed assets held under concession (Public Service Delegations) of the remaining car park companies.

3.2.8.3. Tangible fixed assets

2018 (€K)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	Other (including France Residential)	Total
Operating properties	146,468	17,452	1,011,948	5,412	0	1,181,280
Other fixed assets	3,166	1,320	23,914	6,888	155	35,443
Fixed assets in progress	8,456	5,625	4,710	6,161	0	24,952
NET	158,090	24,397	1,040,572	18,461	155	1,241,675

2019 (€K)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	Other (including France Residential)	Total
Operating properties	282,238	69,797	1,022,570	5,187	29,915	1,409,707
Other fixed assets	4,899	1,441	24,296	10,993	226	41,855
Fixed assets in progress	17,692	1,299	2,951	15,938	0	37,880
NET	304,829	72,537	1,049,817	32,118	30,141	1,489,442

The increase (+€30 million) in Other mainly corresponds to the impact of the first-time application of IFRS 16 (€30 million net of depreciation in the period).

The increase (+€9.2 million) in Hotels in Europe includes the impact of the first-time application of IFRS 16 (+27.5 million net of depreciation in the period), the disposal of the Westin Dresden asset (-€38.9 million), the transfer of the Nice Méridien asset from the France Offices segment (+€32.2 million), the transfer of the Alexanderplatz land to investment properties (-€46.7 million), and the acquisition of the Hilton Hotel in Dublin (+53.8 million), after deduction of depreciation charges for the period.

The change in fixed assets in progress in Italy Offices (+€48.1 million) mainly relates to the reclassification of the building under development in Milan, via Dante, to operating properties (Flex Office business for €50.3 million).

The increase in France Offices (+€146.7 million) was mainly related to the reclassification and work on Covivio's future headquarters under Operating properties (+€140.6 million), the reclassification of the Paris Gobelins asset to operating property (Flex Office) for +€40.5 million and the reclassification of the Nice Méridien asset under Hotels in Europe (-€32.2 million).

3.2.8.4. Investment properties/Assets held for sale

2018 (€K)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	Other (including France Residential)	Total
Investment properties	5,411,745	3,602,273	4,532,777	5,722,956	0	19,269,751
Assets held for sale	35,392	43	288,072	29,664	205,677	558,848
Properties under development	373,752	380,502	115,333	0	0	869,587
TOTAL	5,820,889	3,982,818	4,936,182	5,752,620	205,677	20,698,186

2019 (€K)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	Other (including France Residential)	Total
Investment properties	4,984,139	3,179,865	4,921,894	6,418,408	0	19,504,306
Assets held for sale	55,029	100,205	132,638	10,516	25,904	324,292
Properties under development	868,320	379,269	9,930	76,057	0	1,333,576
TOTAL	5,907,488	3,659,339	5,064,462	6,504,981	25,904	21,162,174

In France Offices, the change in investment properties (€4,984 million in 2019 as compared to €5,412 million in 2018) is due to the reclassification under Assets held for sale (–€277.2 million), the transfer of two new projects to Properties under development (–€128.6 million), the reclassification under Operating properties of the future Parisian head office on rue Jean-Goujon (–€134.3 million), the reclassification of the Paris Gobelins asset to operating property (–€26.8 million), the transfer of the Nice Méridien asset to Hotels in Europe (–€11.6 million) and the deliveries of assets under development (+€73.9 million: Lezennes Hélios and Bordeaux Cité du Numérique), the change in fair value (+€26.2 million) and the work done during the period (+€54.6 million).

In Italy Offices, the decrease (–€422.4 million) is mainly due to the reclassification under Assets held for sale (–€116.1 million), disposals (–€362.8 million), the acquisition of the Palazzo Orlando building (+€13.1 million), the change in fair value (–€9.8 million), the launch of two new projects under development (–€40.3 million), the delivery of an asset under development (+€65.4 million: Principe Amedeo) and construction work (+€26.8 million).

In Germany Residential, the total investment properties rose significantly (+€695.5 million), mainly due to changes in asset values (+€514 million), acquisitions net of disposals of asset-holding companies (+€111.3 million), construction work (+€110.3 million), reclassification as Assets held for sale (–€30.9 million) and acquisitions of assets (+€5.8 million).

In Hotels in Europe, the increase (+€389.1 million) is mainly due to the change in the fair value of assets (+€196 million), the delivery of four development projects (+€138.9 million), investments in the United Kingdom (+€88.7 million) and in Amsterdam (+€12.5 million), and acquisitions of buildings in Poland (+€23.5 million). It also corresponds to fluctuations in exchange rates (+€55.3 million), right-of-use assets on long-term leases conferring ad rem rights in the United Kingdom (+€12.6 million) and on properties (+€15.7 million), the transfer of the Mercure Nice asset from France Offices (+€11.6 million), construction work (+€20.5 million) and the effect of the reclassification into assets held for sale (–€192.4 million).

3.2.8.5. Financial Assets

2018 (€K)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	Other (including France Residential)	Total
Loans	89,197	95	11,488	8	239	101,027
Other financial assets	651	5,915	27,735	10,300	4	44,605
Receivables on financial assets	0	6,727	0	488	0	7,215
Sub-total non-current financial assets	89,848	12,737	39,223	10,796	243	152,847
Investments in equity affiliates	148,658	17,191	83,896	0	0	249,746
TOTAL FINANCIAL ASSETS	238,506	29,928	123,120	10,796	243	402,593

2019 (€K)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	Other (including France Residential)	Total
Loans	64,678	0	65,791	10	93	130,572
Other financial assets	652	5,610	27,200	8,928	1,714	44,104
Receivables on financial assets	0	83,824	58	501	0	84,383
Sub-total non-current financial assets	65,330	89,434	93,050	9,439	1,807	259,060
Investments in equity affiliates	153,905	13,879	206,531	0	0	374,316
TOTAL FINANCIAL ASSETS	219,235	103,313	299,581	9,439	1,807	633,375

The decrease in financial assets in France Offices reflects the transfer of the loan granted to Lenovilla to short-term loans (–€20 million), the increase in Euromed's capital (+€5 million), the appropriation of 2018 net income from equity associates (–€11.1 million) and income from equity associates (+€11.3 million).

Financial assets in the Italy Offices segment were up due to an increase in receivables on disposals (+€78.2 million: disposal of Galleria del Corso for €30 million, maturing in 2021, and Chronos for €48.2 million, maturing in December 2022).

The rise in financial assets in Hotels in Europe was due mainly to the increase in securities of equity affiliates (+€106.1 million) and loans (+€53.7 million) following the acquisition of hotel holding companies in France and Belgium (34 B&B hotels), the payment of a deposit (+€27 million) for an acquisition in progress (see Section 3.2.9. Subsequent events), the reduction in the subscribed and uncalled capital of Foncière Développement Tourisme (–€20 million) following the acquisition of all its shares.

3.2.8.6. Inventories and work-in-progress

2018 (€K)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	Other (including France Residential)	Total
Inventories and work-in-progress	16,091	19,853	2,236	57,036	595	95,811
TOTAL	16,091	19,853	2,236	57,036	595	95,811

2019 (€K)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	Other (including France Residential)	Total
Inventories and work-in-progress	20,657	60,860	2,261	148,249	521	232,548
TOTAL	20,657	60,860	2,261	148,249	521	232,548

The change (+€4.6 million) in France Offices is due to the work carried out on Residential development assets.

The rise in inventories in Italy Offices relates mainly to the acquisition of trading assets in Rome (+€11.6 million) and to the transfer of the asset under development to the real estate development activity (SNAM +€32.5 million).

The increase in inventories in Residential Germany is related to asset acquisitions for which a programme of redevelopment for sale is due to be launched (+€65.9 million, including works) and an Office promotion programme (+€17.6 million).

3.2.8.7. Contribution to shareholders' equity

2018 (€K)	France and Italy Offices	Hotels in Europe	Germany Residential	Other (including France Residential)	Total
Shareholders' equity Group Share before elimination of securities	6,613,649	1,289,993	1,769,429	1,361,082	11,034,153
Elimination of securities	0	–1,070,401	–1,025,966	–1,376,340	–3,472,707
Shareholders' equity Group Share	6,613,649	219,592	743,463	–15,258	7,561,446
Minority interests	739,208	2,022,120	1,033,493	2,148	3,796,969
SHAREHOLDERS' EQUITY	7,352,857	2,241,712	1,776,956	–13,110	11,358,414

2019 (€K)	France and Italy Offices	Hotels in Europe	Germany Residential	Other (including France Residential)	Total
Shareholders' equity Group Share before elimination of securities	7,136,710	1,422,443	2,056,419	1,089,534	11,705,106
Elimination of securities	0	–1,110,485	–1,025,967	–1,271,009	–3,407,461
Shareholders' equity Group Share	7,136,710	311,958	1,030,452	–181,475	8,297,645
Minority interests	801,736	2,070,514	1,186,215	2,233	4,060,698
SHAREHOLDERS' EQUITY	7,938,446	2,382,472	2,216,667	–179,242	12,358,343

In France Offices, non-controlling interests in 2019 include €373.6 million in minority interests for the Italian establishment compared with €385.3 million at 31 December 2018.

3.2.8.8. Borrowings

2018 (€K)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	Other (including France Residential)	Total
Total long-term interest-bearing loans	2,597,822	1,902,802	2,568,075	2,147,925	0	9,216,624
Total short-term interest-bearing loans	1,442,011	26,702	256,590	117,793	7	1,843,103
TOTAL LT AND ST LOANS	4,039,833	1,929,504	2,824,665	2,265,718	7	11,059,727

2019 (€K)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	Other (including France Residential)	Total
Total long-term interest-bearing loans	2,653,027	1,546,847	2,533,765	2,338,181	0	9,071,820
Total short-term interest-bearing loans	1,675,299	25,825	49,051	65,563	8	1,815,746
TOTAL LT AND ST LOANS	4,328,326	1,572,672	2,582,816	2,403,744	8	10,887,566

3.2.8.9. Derivatives

2018 (€K)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	Other (including France Residential)	Total
Financial instruments – Assets	19,174	3,871	14,432	9,475	-0	46,952
Financial instruments – Liabilities	159,001	6,064	45,181	24,751	0	234,997
NET FINANCIAL INSTRUMENTS	139,827	2,193	30,749	15,276	0	188,045

2019 (€K)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	Other (including France Residential)	Total
Financial instruments – Assets	52,519	4	16,849	8,114	-0	77,486
Financial instruments – Liabilities	193,742	24,285	105,875	41,939	0	365,842
NET FINANCIAL INSTRUMENTS	141,224	24,281	89,026	33,825	0	288,356

3.2.8.10. Statement of net income by operating segments

In accordance with IFRS 12, paragraph B11, inter-segment transactions, in particular management fees, are indicated separately in this presentation.

2018 (€K)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	Other (incl. France Residential)	Intercos Inter-sector	31/12/2018
Rental income	273,539	205,760	229,921	241,162	7,935	-2,426	955,891
Unrecovered rental costs	-8,459	-17,381	-2,434	-1,844	-1,840	13	-31,945
Expenses on properties	-7,833	-14,820	-3,650	-18,110	-1,211	8,709	-36,915
Net losses on unrecoverable receivables	-23	-1,314	-42	-1,816	-5	0	-3,200
Net rental income	257,224	172,245	223,795	219,392	4,879	6,296	883,831
Revenues from hotel operating activity and Flex Office	3,819	0	253,489	0	0	0	257,308
Expenses of hotel operating activity & Flex Office	-4,712	0	-176,765	0	0	0	-181,477
EBITDA from hotel operating activity & Flex Office	-893	0	76,724	0	0	0	75,831
Income from other activities	-33	-1	13	660	4,166	-13	4,792
Management and administration income	14,849	4,759	8,310	5,959	9,617	-23,452	20,042
Business expenses	-2,218	-884	-7,054	-1,300	-224	5,540	-6,140
Overheads ⁽¹⁾	-37,792	-24,744	-21,092	-41,717	-14,687	11,639	-128,393
Development costs (not capitalised)	13	0	-92	-415	-92	1	-585
Net operating costs	-25,148	-20,869	-19,928	-37,473	-5,386	-6,272	-115,076
Depreciation of operating assets	-9,351	-1,038	-44,336	-1,691	-3,704	0	-60,120
Net change in provisions and other	-802	1,025	4,383	85	1,597	-11	6,277
OPERATING INCOME	220,997	151,362	240,651	180,973	1,552	0	795,535
Net income from inventory properties	73	-1,758	0	596	2	0	-1,087
Income from asset disposals	60,062	19,131	1,406	15,517	1,307	0	97,423
Income from value adjustments	110,643	-43,666	100,425	459,215	-5,924	0	620,693
Income from disposal of securities	0	-580	119,705	190	0	0	119,315
Income from changes in scope	-1,954	-4,960	-149,187	-3,010	-895	0	-160,006
OPERATING INCOME	389,821	119,529	312,999	653,481	-3,958	0	1,471,872
Income from non-consolidated companies	0	0	0	0	0	0	0
Cost of net financial debt ⁽²⁾	-63,988	-43,225	-55,295	-38,968	-977	-0	-202,453
The interest cost for rental liabilities	0	0	-4,594	0	0	0	-4,594
Value adjustment on derivatives	1,621	4,024	-12,780	-9,017	-0	0	-16,152
Discounting of liabilities and receivables ⁽¹⁾	-199	0	-457	0	0	0	-656
Exceptional amortisation of loan issue costs ⁽²⁾	-2,736	-3,632	-4,707	-43	-133	0	-11,251
Share in income of equity affiliates	14,171	-12	8,669	0	0	0	22,828
PRE-TAX NET INCOME	338,690	76,684	243,835	605,453	-5,068	0	1,259,594
Deferred tax liabilities	0	11,316	-7,230	-94,145	9	0	-90,050
Corporate taxes	-1,734	-2,203	-9,424	-12,356	-364	0	-26,081
NET INCOME FOR THE PERIOD	336,956	85,797	227,180	498,952	-5,423	0	1,143,462
Net income from non-controlling interests	-10,833	-54,542	-144,962	-183,442	-110	0	-393,889
NET INCOME FOR THE PERIOD – GROUP SHARE	326,123	31,255	82,218	315,510	-5,533	0	749,574

(1) The free share expense previously included in the item Discounting of liabilities and receivables for €8,802 thousand (see 31 December 2018 report) is now included with personnel expenses under Overheads.

(2) The regular depreciation of loan issue costs previously included in Depreciation of loan issue costs (see 31 December 2018 report) for €14,484 thousand is now included in Cost of net financial debt.

The cost of net financial debt and adjustment to the value of Covivio's derivatives, which were presented under Other (including France Residential) at 31 December 2018, are now included under France Offices.

Net income Group share for the period from the France Offices business amounted to €326,123 thousand (compared with €343,297 thousand reported at 31 December 2018) while that of the Corporate business totalled -€5,533 thousand (compared with -€22,707 thousand at 31 December 2018).

2019 (€K)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	Other (incl. France Residential)	Intercos Inter-sector	31/12/2019
Rental income	257,409	201,817	245,418	251,798	5,012	-134	961,320
Unrecovered rental costs	-9,313	-20,516	-2,426	-3,332	-1,374	-46	-37,007
Expenses on properties	-8,080	-7,849	-8,522	-19,623	-652	13,775	-30,951
Net losses on unrecoverable receivables	-1,913	-653	30	-1,963	-51	0	-4,550
Net rental income	238,103	172,799	234,501	226,880	2,935	13,595	888,813
Revenues from hotel operating activity and Flex Office	10,970	0	232,252	0	1	0	243,223
Expenses of hotel operating activity & Flex Office	-5,838	0	-162,332	0	0	0	-168,170
EBITDA from hotel operating activity & Flex Office	5,132	0	69,920	0	1	0	75,053
Income from other activities	1,219	0	29	5,920	9,657	0	16,825
Management and administration income	23,738	5,791	15,590	5,170	9,941	-37,212	23,018
Business expenses	-1,838	-1,040	-6,026	-1,293	-89	4,638	-5,648
Overheads	-38,058	-21,173	-21,010	-44,214	-14,300	11,346	-127,409
Development costs (not capitalised)	-104	0	-624	-994	-97	0	-1,819
Net operating costs	-16,262	-16,422	-12,071	-41,331	-4,545	-21,228	-111,859
Depreciation of operating assets	-10,558	-2,051	-42,285	-2,553	-7,557	0	-65,004
Net change in provisions and other	-29	1,815	24,291	-15,139	1,821	71	12,830
OPERATING INCOME	217,605	156,141	274,385	173,777	2,312	-7,562	816,658
Net income from inventory properties	-751	-5,624	0	436	152	0	-5,787
Income from asset disposals	3,302	-23,748	4,123	11,124	-1,297	7,562	1,066
Income from value adjustments	231,040	-9,617	250,405	532,702	-896	0	1,003,634
Income from disposal of securities	0	3	4,101	3,032	588	0	7,724
Income from changes in scope	-135	-1,392	-14,955	-5,685	-88	0	-22,255
OPERATING INCOME	451,061	115,763	518,059	715,386	771	0	1,801,040
Income from non-consolidated companies	4	0	0	0	0	0	4
Cost of net financial debt	-55,188	-38,978	-63,607	-51,536	-857	0	-210,166
The interest cost for rental liabilities	-93	-47	-12,886	-10	-490	0	-13,526
Value adjustment on derivatives	-86,705	-35,594	-51,412	-22,672	-0	0	-196,383
Actualization/Updating of debt and receivables	-207	0	34	0	0	0	-173
Exceptional amortisation of loan issue costs	-522	-5,360	-3,612	-1,157	5	0	-10,646
Share in income of equity affiliates	11,323	-2,380	20,359	0	0	0	29,301
PRE-TAX NET INCOME	319,673	33,404	406,934	640,011	-571	0	1,399,450
Deferred tax liabilities	0	-18,314	-2,200	-93,117	-9	0	-113,640
Corporate taxes	-191	-411	-12,808	-10,033	-552	0	-23,995
NET INCOME FOR THE PERIOD	319,482	14,679	391,925	536,861	-1,132	0	1,261,815
Net income from non-controlling interests	-52,286	-30,686	-239,560	-192,194	-102	0	-514,828
NET INCOME FOR THE PERIOD – GROUP SHARE	267,196	-16,007	152,365	344,667	-1,235	0	746,987

3.2.9. Subsequent events

Hotels in Europe

Covivio Hotels has signed an agreement for the acquisition of a portfolio of eight hotels, mainly five-star hotels located in the city centres of major European cities: Rome, Florence, Venice (two assets), Budapest (two assets), Prague and Nice.

This transaction will be carried out for a total amount of €573 million. A deposit of €27 million was paid in December 2019.

These hotels will be operated by NH Hotel Group, which has entered into long-term leases with a guaranteed minimum variable rent. The agreement is for an initial term of 16 years, extendible to 30 years at the request of NH Hotel Group.

Germany Offices

During the month of February 2020, Covivio launched a friendly takeover bid for the shares of the Group Godewind Immobilien, listed in Germany.

Godewind Immobilien owns a portfolio of 10 office assets in Germany for a value of approximately €1.2 billion. This 35%-secured acquisition will launch the offices business in Germany.

Germany Residential

On 30 January 2020, a draft law was passed providing for a rent cap in Berlin. This law is applicable with effect from February 2020. It consists of a 5-year freeze on rents and the introduction of a cap based on criteria of location, the age of buildings and the standard of apartments. Under its current terms, the law has no impact on appraisal values. For the Group, in 2020 the impact of the rental cap will be limited owing to the fact that rent from existing leases will not fall until November 2020.

3.3. STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a translation into English of the Statutory Auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This Statutory Auditors' report includes information required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Financial year ended 31 December 2019

To the shareholders of Covivio,

Opinion

In compliance with the engagement conferred on us by your general meetings, we have performed an audit of the accompanying consolidated financial statements of Covivio for the financial year ended 31 December 2019.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the entities included in the Group's scope of consolidation as at 31 December 2019, and of the results of their operations for the year then ended, in accordance with the IFRS accounting framework as adopted in the European Union.

The audit opinion thus formulated is consistent with the content of our report to the company's Audit Committee.

Basis for the audit opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities by virtue of those professional standards are set out in the latter part of the present report under the heading "Responsibilities of the Statutory Auditors for the audit of the consolidated financial statements".

Independence

We performed our audit engagement in compliance with the independence requirements applicable to us during the period from 1 January 2019 to the date of issue of our report; in particular, we performed no services prohibited under article 5, paragraph 1 of EU regulation n° 537/2014 or by virtue of France's *Code de déontologie de la profession de Commissaires aux comptes*.

Observation

Without qualifying our opinion, we draw your attention to the note 3.2.1.2 "First application of IFRS 16" to the consolidated financial statements which describes the change in accounting policy resulting from the first application of the new standard IFRS 16 "Leases".

Justification of our assessments – Key audit matters

In accordance with the requirements of articles L. 823-9 and R. 823-7 of the French code of commercial law relating to the justification of our assessments, we bring to your attention the following key audit matters relating to the risks of material misstatement which, in our professional view, have presented the greatest significance for the audit of the accompanying consolidated financial statements, as well as the manner in which we have responded to those risks.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report. We do not express any opinion on isolated elements of the consolidated financial statements.

Valuation of investment property

Risk identified	Our response
Given the activity engaged in by Covivio, the fair value of the Group's investment property amounted at 31 December 2019 to 81% of consolidated assets or €20.8 billion. In accordance with the option provided by IAS 40, the Group's investment property is recognised on the basis of its fair value with changes in fair value recognised in profit or loss. Investment property is not amortised. Note 3.2.5.1.1. to the consolidated financial statements states that the Group's investment property is subject to valuation by independent professional property valuers. Property valuation is a complex matter requiring the exercise of significant judgement by the Group's professional property valuers based on the data communicated by the Group's management. Given the weight of the Group's investment property and the sensitivity of their valuation to the applicable assumptions requiring the exercise of judgement, we considered their valuation as a key audit matter.	We obtained an understanding of the Group's process of valuation of its investment property. Our procedures also involved: • assessing the competence and independence of the Group's professional property valuers on the basis of the requirements for rotation and bases of remuneration defined by the Group • obtaining an understanding of the Group's written instructions to their professional property valuers describing the nature of the services required and the scope and limitations of the applicable procedures with particular regard to the verification of the information provided by the Group • assessing, on a test basis, the relevancy of the information provided by the entities' finance departments to the professional property valuers for the purpose of determining the fair value of their investment property, including rent schedules, other accounting data and capital expenditure budgets • analysing the professional property valuers' valuation assumptions such as, in particular, the applicable yield rates, discount factors, estimated rents and market rental values, by comparison with the available market data • interviewing certain professional property valuers in the presence of the Group's finance departments and assessing, by the inclusion of valuation specialists within our audit teams, the consistency and relevancy of the valuation approach applied and of the main associated instances of the exercise of professional judgement • reconciling the resulting property valuations with the amounts included in the consolidated financial statements.

Specific verifications

We have also performed in accordance with professional standards applicable in France, the specific verifications required by French laws and regulations, on the information included in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the non-financial statement provided for by article L. 225-102-1 of the French Commercial Code (*Code de commerce*) is included in the management report, it being specified that, in accordance with the provisions of article L. 823-10 of said Code, we have verified neither the fairness nor the compliance with the annual accounts of the information contained in this statement that will be covered by the report issued by an independent third party.

Information reflecting other legal and regulatory requirements

Statutory audit appointments

We were appointed as Statutory Auditors of Covivio by your company's general meeting held on 22 May 2000 in the case of MAZARS and 24 april 2013 in the case of ERNST & YOUNG et Autres.

At 31 december 2019, MAZARS was in its twentieth year of engagement without interruption and ERNST & YOUNG et Autres in its seventh year.

Groupe PIA that became Conseil Audit & Synthèse (acquired by ERNST & YOUNG Audit in 2010) was the Statutory Auditor from 2007 to 2012.

Responsibilities of the Group's management, and of the persons involved in the Group's corporate governance, in respect of the consolidated financial statements

The Group's management is responsible for the preparation of consolidated financial statements presenting a true and fair view in accordance with the IFRS accounting framework as adopted in the European Union and for the implementation of the system of internal control it deems necessary for the preparation of consolidated financial statements free from material misstatement whether resulting from fraud or error.

When preparing the consolidated financial statements, it is incumbent on the Group's management to assess the company's capacity to continue to operate as a going concern, make any necessary disclosure in that respect and present the consolidated financial statements on a going concern basis unless there is an intention to liquidate the company or cease its business.

It is incumbent on the Group's Audit Committee to oversee the Group's financial reporting process and assess the effectiveness of its systems of internal control and risk management, and of any internal audit function, with regard to the preparation and processing of financial and accounting information.

The consolidated financial statements have been authorised for issuance by the company's Board of Directors.

Responsibilities of the Statutory Auditors for the audit of the consolidated financial statements

Audit purpose and audit approach

We are required to prepare a report on the consolidated financial statements. Our purpose is to obtain reasonable assurance about whether the consolidated financial statements, taken as a whole, are free from material misstatement. Reasonable assurance implies a significant level of assurance which nevertheless does not provide any guarantee that an audit performed in accordance with professional auditing standards will systematically enable the detection of any material misstatement. Misstatements may result from fraud or error and are considered to be material whenever it may reasonably be expected that, taken individually or in aggregate, they may influence the economic decisions taken by users of the financial statements on the basis of those financial statements.

As mentioned by article L. 823-10-1 of the French code of commercial law, our statutory audit engagement does not guarantee your company's viability or the quality of its management.

In the framework of an audit performed in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgement throughout the audit and:

- identifies the risks of material misstatement in the consolidated financial statements, whether resulting from fraud or from error, defines and deploys audit procedures with regard to those risks and gathers the audit evidence deemed sufficient and appropriate to support the audit opinion. The risk of non-detection of a material misstatement attributable to a fraud is greater than that for a material misstatement attributable to error, since fraud may imply the existence of collusion, falsification, voluntary omission, false statements or bypassing of internal controls
- obtains an understanding of the internal controls relevant to the audit for the purpose of defining appropriate audit procedures but not with the intention of expressing an audit opinion on the effectiveness of the Group's system of internal control
- assesses the appropriateness of the Group's accounting policies, the reasonableness of management's estimates and the adequacy of the related additional disclosures provided in the consolidated financial statements
- assesses the appropriateness of management's application of the going concern convention as well as, based on the audit evidence collected, the existence of any material uncertainty with regard to events or circumstances liable to compromise the company's ability to continue to operate as a going concern. The assessment is based on the audit evidence collected up to the date of the audit report and it must be noted in that respect that subsequent circumstances or events may also compromise the company's ability to continue as a going concern. If the auditor concludes as to the existence of any material uncertainty, the attention of readers of the audit report is drawn to the information provided in that respect in the consolidated financial statements or, if such information is not provided or is not relevant, the auditor formulates a qualified audit opinion or a disclaimer of opinion
- assesses the overall presentation of the consolidated financial statements and judges whether the consolidated financial statements reflect the Group's transactions and underlying events in such a way as to provide a true and fair view
- with regard to the financial information provided by the entities included in the Group's scope of consolidation, gathers the audit evidence deemed sufficient and appropriate for the expression of an audit opinion on the consolidated financial statements. The Statutory Auditor has overall responsibility for the direction, supervision and performance of the audit of the consolidated financial statements and for the audit opinion thereon.



Report to the Audit Committee

We remit to the Audit Committee a report which presents the scope of the audit procedures, the work programme implemented and the associated conclusions. We also inform the Audit Committee of any internal control weaknesses identified in respect of the procedures governing the preparation and processing of the Group's financial and accounting information.

The elements communicated in the report to the Audit Committee equally include the risks of material misstatement which, in our professional view, have presented the greatest significance for the audit of the accompanying consolidated financial statements and which as such constitute the key audit points we are required to describe in the present report.

We also provide the Audit Committee with the statement required by article 6 of EU regulation n° 537-2014 and confirming our independence in accordance with the requirements applicable in France as defined in particular by articles L. 822-10 to L. 822-14 of the French code of commercial law and by our profession's *Code de déontologie de la profession de Commissaires aux comptes*. If appropriate, we discuss with the Audit Committee any risks threatening our independence and the corresponding safeguards applied.

Courbevoie and Paris-La Défense, 27 February 2020

The Statutory Auditors

MAZARS

Claire Gueydan

ERNST & YOUNG et Autres

Anne Herbein

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3.4. COMPANY FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019

3.4.1. Balance sheet

■ Assets

(€K)	Note 3.5.3	31/12/2019 Gross	Amortisation, depreciation and provisions	Net	Incl. Net Italian Branch at 31/12/2019	31/12/2018 Net	Incl. Net Italian Branch at 31/12/2018
Intangible fixed assets:	1.1	14,161	10,556	3,605	1,331	2,534	759
Start-up costs		0	0	0		0	
Software and similar rights		13,486	10,556	2,930	1,331	1,913	759
Goodwill ⁽¹⁾							0
Intangible assets in progress		675	0	675		621	0
Tangible fixed assets:	1.1	2,427,423	205,344	2,222,079	1,744,348	2,778,022	2,159,028
Land		850,337	1,129	849,209	715,454	1,020,357	850,125
Buildings		1,506,056	197,756	1,308,300	1,028,014	1,680,728	1,307,902
Other		39,181	6,459	32,722	880	34,112	1,001
Tangible fixed assets in progress		31,848	0	31,848		42,825	0
Advances and pre-payments							0
Financial assets:		5,627,152	189,590	5,437,562	918,829	5,416,009	875,640
Investments	1.2	4,347,805	188,372	4,159,433	869,830	4,318,249	826,366
Investment-related receivables		37,176		37,176			
Equity securities held for investment							
Other securities	1.4	70,274	1,167	69,108	48,999	70,932	49,275
Loans	1.3	1,171,818	50	1,171,767	0	1,026,753	
Other		78	0	78		76	
Total I – Fixed assets	1	8,068,736	405,490	7,663,246	2,664,509	8,196,566	3,035,427
Inventories and work-in-progress		54,970	35,465	19,505	19,505	19,854	19,854
Advances and pre-payments		0		0			
Operating receivables:	2.1	495,061	34,521	460,540	157,755	186,860	69,152
Trade receivables and related accounts		49,220	19,741	29,479	22,677	18,446	7,714
Current accounts and other receivables		445,841	14,780	431,061	135,078	168,414	61,438
Marketable securities:	2.2	635,413	5	635,408	0	513,614	0
Treasury shares		11,474	5	11,469		13,293	0
Term accounts and other securities		623,939		623,939		500,322	0
Cash and near cash		341,844		341,844	143,264	151,043	31,627
Prepaid expenses and accruals	2.3	95,980		95,980	922	69,198	1,088
Treasury instruments	2.3	918		918		661	0
Total II – Current assets	2	1,624,186	69,991	1,554,196	321,446	941,231	121,721
Deferred expenses (III)	2.3	14,371		14,371	6,669	20,842	13,313
Bond redemption premiums (IV)		8,963		8,963		8,090	0
Currency translation gains (V)							
TOTAL (I + II + III + IV + V)		9,716,256	475,481	9,240,776	2,992,625	9,166,729	3,170,461

(1) In accordance with French Accounting Standards Authority (ANC) Regulation 2015-06, since the 2016 financial year, merger losses have been allocated to the underlying fixed assets item.

Liabilities

(€K)	Note 3.5.3	31/12/2019	Incl. Italian Branch at 31/12/2019	31/12/2018	Incl. Italian Branch at 31/12/2018
Shareholders' equity:		4,227,412		3,885,849	0
Capital [of which €261,660 thousand paid]		261,660		248,709	0
Issue premium, merger premium and additional paid-in capital		3,882,299		3,553,687	0
Revaluation reserves		83,453		83,453	0
Reserves and retained earnings:		90,127		122,483	0
Legal reserve		26,126		24,816	0
Statutory or contractual reserves					
Revaluation reserves available for distribution		46		46	0
Retained earnings		63,955		97,620	0
Earnings for the year		293,940	-68,978	348,467	0
Investment subsidies					
Regulated provisions		33,773		33,411	0
Total I – Shareholders' equity	3	4,645,252	-68,978	4,390,209	0
Other Shareholders' equity					
Proceeds from issue of participating shares					
Conditional advances					
Total I bis – Shareholders' equity		0		0	0
Provisions for contingencies		12,713	6,183	48,952	5,409
Provisions for losses		3,319	306	6,007	3,508
Total II – Provisions for contingencies and losses	4	16,033	6,489	54,959	8,917
Debt					
Financial liabilities:	5	4,411,634	951,492	4,598,607	1,334,491
Convertible bonds	5.1	200,734	200,734	348,309	200,734
Other bonds		2,525,313	734,172	2,251,880	734,198
Borrowings and debt from credit institutions ⁽¹⁾		1,365,475	0	1,652,644	380,239
Current accounts and various financial debts		320,112	16,586	345,775	19,320
Advances and pre-payments received		3,420	0	4,594	146
Operating payables:		57,175	44,631	38,935	19,386
Trade payables and related accounts		26,762	22,320	29,044	16,677
Tax and social security liabilities		30,413	22,311	9,891	2,708
Sundry liabilities:		38,806	29,425	27,459	14,797
Debt on fixed assets and related accounts		15,844	10,755	19,130	11,477
Other		22,963	18,670	8,330	3,320
Treasury instruments	5.2	37,534		44,788	0
Pre-booked income		30,922	3,722	7,178	5,013
Total III – Current liabilities		4,579,491	1,029,270	4,721,561	1,373,833
Currency translation losses (IV)					
Liaison account with branches			2,025,844		1,787,711
TOTAL (I+ I BIS+ II+ III+ IV)		9,240,776	2,992,625	9,166,729	3,170,461

(1) Of which current bank borrowings and bank overdraft

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3.4.2. Income statement

(€K)	Note 3.5.4	31/12/2019	Incl. Italian Branch at 31/12/2019	31/12/2018
Operating income				
Sales of goods		955	955	
Sales (goods and services)		191,750	108,474	86,112
Net revenues	1.1	192,705	109,429	86,112
Production in stock		2,862	2,862	
Reversals of provisions (and depreciation) and transferred charges	1.2	11,137	6,922	33,576
Other income		70	65	701
Total I – Operating income	1	206,773	119,278	120,389
Operating expenses				
Purchases – Real estate companies		2,862	2,862	0
Change in inventories – Real estate companies		3,050	3,050	0
Other purchases and external expenses		53,268	31,094	28,884
Duties, taxes and related payments		21,131	13,003	8,654
Salaries and wages		21,529	4,915	15,845
Social security charges		10,056	1,456	7,674
Allowance for depreciation and provisions:				
On fixed assets: amortisation charges		75,468	55,432	26,280
On fixed assets: depreciation charges		48,912	47,849	0
On current assets: depreciation charges		3,532	3,169	383
For contingencies and losses: provisions		5,193	2,671	1,817
Other expenses		4,436	3,053	975
Total II – Operating expenses	1.3	249,437	168,555	90,512
1. Operating income (I – II)	1	-42,664	-49,277	29,877
Financial income				
Share of income from joint operations				
Profit or loss transferred III				
Losses or profit transferred IV		2		
Financial income from investments	2.1	499,638	54,871	387,138
From other marketable securities and fixed asset receivables		8,745	6	6,553
Other interest and similar income		38,158	4,124	44,117
Merger premiums		3,743		58,436
Reversals of provisions and transferred expenses	2.3	41,033	531	20,549
Net income from disposal of marketable securities				
Total V – Financial income	2	591,318	59,532	516,793
Financial expenses				
Allowance for depreciation and provisions		171,854	25,142	27,609
Interest and similar expenses		154,891	42,267	91,856
Merger deficits				41,119
Net expenses from disposal of marketable securities		1,823		1,562
Total VI – Financial expenses	2	328,568	67,409	162,146
2. Net financial income (V – VI)	2	262,750	-7,877	354,647
3. Net income from operations before tax (I – II + III – IV + V – VI)		220,084	-57,154	384,524
Non-recurring income				
On management transactions		306		132
On capital transactions		692,702	342,617	133,953
Reversals of provisions and transferred expenses		3,176	3,088	18,947
Total VII – Non-recurring income	3	696,185	345,705	153,032

(€K)	Note 3.5.4	31/12/2019	Incl. Italian Branch at 31/12/2019	31/12/2018
Non-recurring expenses				
On management transactions		40	2	443
On capital transactions		619,212	355,236	182,406
Allowance for depreciation and provisions		361		3,634
Total VIII – Non-recurring expenses	3	619,614	355,238	186,483
4. Net non-recurring income (VII – VIII)	3	76,571	-9,534	-33,451
Employee profit-sharing (IX)		309	0	500
Corporate income tax (X)	4	2,406	2,291	2,107
Total revenue (I + III + V + VII)		1,494,276	524,515	790,214
Total expenses (II + IV + VI + VIII + IX + X)		1,200,335	593,493	441,748
NET INCOME OR LOSS		293,940	-68,978	348,467

3.5. NOTES TO THE COMPANY FINANCIAL STATEMENTS

3.5.1. Significant events during the fiscal year

3.5.1.1. Acquisitions and construction work on properties under development

Covivio continues its building development activity and carried out works amounting to €9,290 thousand in the A. Ducasse école project in Meudon, i.e. surface area of 5,100 m² with delivery scheduled in 2020.

The Italian branch delivered the asset Via Principe Amadeo in Milan upon the completion of works.

In September 2019, the investment property Palazzo Orlando in Livourne was acquired for €13,065.

3.5.1.2. Disposals of real estate assets

Disposals concern the following assets:

(€K)	Net book value	Disposal price	Capital gains or losses	Market Value at 31/12/2018
Sales:				
Citroën Saint-Ouen, Fructidor	56,784	86,500	29,716	86,500
St Denis Green Corner	71,205	167,127	95,922	156,300
Roubaix/Quatuor	18,930	21,210	2,280	23,400
COVIVIO FRANCE	146,919	274,837	127,918	266,200
Torino via Lugaro (porzione)	43	43	0	43
Milano – via Dante	570	570	0	570
Ferrara – via Darsena	12,509	13,843	1,334	12,722
Nerviano – SS del Sempione	34,448	24,500	-9,948	35,190
Milano – via Dante	0	61	61	0
Milano – via Amedei	0	70	70	0
Milano – via Montebello	164,826	182,000	17,174	165,700
Bologna – Galleria II agosto	4,743	4,030	-713	4,800
Modena – via Galileo Galilei	3,612	3,390	-222	3,660
Popoli – via Gramsci	346	500	154	350
Roma – via dell'Arte	32,424	26,950	-5,474	32,500
Roma – via dei Boccabelli	16,864	13,950	-2,914	17,000
Treviso – via Piave	3,258	2,670	-588	3,300
Milano – via Jenner	10,173	8,694	-1,479	10,500
Milano – via Boscovich	23,667	24,898	1,230	24,400
Milano – corso Sempione	11,611	10,275	-1,336	11,600
Rozzano – Strada 7	25,337	17,488	-7,850	25,900
Milano – viale Certosa	9,487	7,805	-1,681	9,360
COVIVIO ITALIE	353,919	341,738	-12,181	357,596

3.5.1.3. Change in equity investments

Change in the ownership interest in subsidiaries

Following the contribution by Rhul Côte d'Azur to Covivio Hotels, Covivio obtained 2,365,503 shares in Covivio Hotels, amounting to €4,084 thousand.

The stake in Covivio Hotels increased from 42.30% to 43.22%.

Other changes in equity interests

On 23 January 2019, Covivio established SAS Covivio Alexanderplatz. It is 100% owned. This company owns a plot for which development projects are in the pipeline.

A shareholders' agreement was signed by Covivio and PREDICA, on 29 October 2019, with regard Fructidor, the stake in which fell from 100% to 50.1%. This company is constructing a seven-storey office building with a provisional rental area of 31,346 m².

Impairment of securities

Following the disposals and the subsequent distributions in compliance with SIIIC regulations, as the value of FDL securities entered in Covivio's accounts was greater than the net position, a provision was set up for the securities; the distributions were charged against FDL equity without affecting the par value of securities in Covivio's accounts.

3.5.1.4. Corporate structure simplification

Mergers with the full transfer of assets and liabilities (in French, *Transmission Universelle du Patrimoine* – TUP) were carried out in 2019 to simplify the Group's corporate structure.

Subsidiary involved	Nature and date of the transaction	Corporate purpose
SARL 25/27 Quai Félix Faure	FTA on 31/03/2019 with retroactive tax effect	the acquisition, holding, administration and leasing of property and real estate rights located at 25/27, quai Félix-Faure in Angers 49000.
SCI 682 Cours Libération	FTA on 30/09/2019 without retroactive tax effect	the acquisition, holding, administration and leasing of property and real estate rights located at 682, cours de la Libération – 33400 Talence.

3.5.1.5. Tax audit

Covivio underwent an inspection for the 2012 and 2013 fiscal years. Following an abatement, the company's liability was €0.2 million, which it paid. However, the company contested the grounds for this tax adjustment and referred the matter to the Administrative Court who rejected the application.

Covivio maintains its position and is referring the matter to the Administrative Court of Appeal in Versailles.

On the basis of advice, at 31 December 2018 and 2019, no provision has been made for this dispute which remains pending in 2019.

Covivio Italian Branch

On 17 April 2012, following a court decision, the Italian tax administration refunded the debt borne by Beni Stabili for the Comit Fund dispute (principal: €58.2 million and interest: €2.3 million). In April 2012, the Tax Administration appealed this decision. The Court of Appeal ruled in favour of the tax authorities on 18 December 2015.

The dispute with the tax authorities was settled with the payment of €55 million. The €56.2 million provision recorded in 2015 was reversed as at 31 December 2016.

However, Comit Fund and Beni Stabili have not entered into a joint agreement to definitively agree that they each will pay an equal share of this adjustment. Civil arbitration proceedings taken by Comit Fund confirmed that each party accepts to pay 50% of the cost of the dispute, in accordance with the payments made. In January 2019, Comit Fund appealed against the arbitration decision bringing the dispute to an end. In May 2019, an appeal was heard, resulting in a new hearing being scheduled

for November 2019. Beni Stabili's management, supported by its advisers, believes there is little risk of having to repay Comit Fund, and no provision has therefore been made for this appeal as of 31 December 2019.

3.5.1.6. Increase in capital

During the year, the share capital changed as follows:

- creation of 133,236 shares with a par value of €399,708 in the context of grants under free share plans
- creation of 298,053 shares with a par value of €894,159 in the context of the conversion of 1,670,419 bonds issued in 2013
- creation of 3,885,719 shares with a par value of €11,657,157 in the context of the payment of the dividend in shares.

The total capital as at 31 December 2019 stood at €261,659,718, up from €248,708,694 at 31 December 2018, an increase of €12,951,024. It is made up of 87,219,906 shares, all of the same class, with a par value of €3 each, amounting to €261,659,718.

At 31 December 2019, the Company held 174,557 treasury shares.

3.5.1.7. Diversification of financing and repayment of bank debt

In 2019, Covivio issued a new bond for €500 million, to reach maturity in 2031, and proceeded with the early repayment of €226.9 million of the loan issued in 2014. Moreover, €92.5 million in credit lines and treasury bills were repaid. Covivio proceeded to repay the balance of the bond issued in 2013, the sum of which was €147.2 million.

The Italian Branch's borrowings amount to €934.9 million.

3.5.1.8. Main indicators

The main financial aggregates are as follows:

(€K)	2019	2018
Balance sheet total	9,240,776	9,166,729
Revenues	192,705	86,112
Dividends received from subsidiaries	499,638	387,138
Financial expenses	328,568	162,146
Earnings for the year	293,940	348,467

3.5.2. Accounting policies and methods

Covivio is the parent company of the Covivio Group, and draws up its consolidated financial statements according to IFRS.

Covivio is consolidated via the equity method by Delfin.

The balance sheet and income statement are drawn up in accordance with French legislation and generally accepted accounting principles in France.

The notes are prepared in accordance with ANC Regulation No. 2014-03 published by the Decree of 8 September 2014 *et seq.* currently in force.

General accounting conventions were applied, respecting the prudence principle, in accordance with the following basic assumptions:

- going concern
- consistency of accounting policies from one fiscal year to the next
- independent fiscal years,

and in accordance with the rules for preparing and presenting annual financial statements pursuant to the French Law of 30 April 1983 and the Implementation Decree of 29 November 1983.

The historical cost method was adopted as the basic method of accounting.

Tangible fixed assets have been recorded under the component method since 1 January 2005.

3.5.2.1. Intangible assets

Intangible fixed assets are valued at cost.

- Software is amortised on a straight-line basis over three years. Software acquired after moving the company headquarters to Divo is depreciated over ten years.

- Merger losses were recognised following the mergers of Covivio with Bail Investissement in 2006, with AKAMA in 2011, and with FR IMMO in 2013, based on the value of the assets contributed. At each sale of assets, a reversal of these deficits is made. Similarly, a provision is recorded on the merger deficit when an unrealised capital loss emerges between the appraised value and the net book value at each year-end.

The change in accounting treatment of merger losses further to ANC Regulation No. 2015-06 modified the accounting rules applicable to merger losses for fiscal years starting from 1 January 2016.

Since 2016, merger deficits are allocated to the assets contributed (underlying assets) in specific accounts for asset categories and they are amortised, depreciated and removed from the assets in accordance with the same methods as for the underlying assets:

- merger loss on intangible fixed assets
- merger loss on tangible fixed assets
- merger loss on financial assets
- merger loss on current assets.

3.5.2.2. Tangible fixed assets

Tangible fixed assets are valued at cost, which corresponds to the purchase price and related costs, or their contribution value.

The Company has not opted for borrowing costs to be capitalised in the acquisition cost of assets.

Tangible fixed assets are depreciated on a straight-line basis according to the expected useful life of the various components of the portfolio.

The breakdown by components is based on the professional grid recommended by the French Real estate and real estate management federation (FSIF), according to the type of asset in question.

Depreciation schedules for the various types of fixed assets (residential or office):

Breakdown of the buildings	Method	Term
Building structures	L	60 and 80 years
Facades and external joinery	L	30 and 40 years
General and technical facilities	L	20 and 25 years
Fittings	L	10 years

These periods are adjusted with obsolescence factors applied to each asset.

Breakdown of other tangible fixed assets	Method	Term
Miscellaneous fixtures and fittings	L	10 years
IT equipment	L	5 years
Office equipment	L	10 years

At each balance sheet date, the Company assesses if there are any indications that an asset has been materially impaired. In such cases, an impairment charge may be recorded in income or reversed, as appropriate.

The amount of any significant impairment is determined on an asset-by-asset basis in line with a comparison between the market value (excluding duties), calculated on the basis of independent appraisals, and the net book value.

An objective indication of the loss of value can be seen when the appraisal value is at least €150 thousand lower than the net book value. However, even if the difference is less than €150 thousand, an impairment charge will be recognised where the appraised value was less than the net book value for two years running.

Where an impairment arises, it will be monitored and recognised with no threshold conditions.

Such impairments, which recognise the non-definitive and non-irreversible reduction in the value of certain portfolio assets in relation to their book value, are recognised in assets under "Amortisation and depreciation".

The impairment is charged to each component on a pro rata basis.

The recording of an impairment results in a revision of the depreciable base and, if applicable, the depreciation schedule for the assets concerned.

Building works, major renovation works, and significant upgrading works, together with the restoration of apartments or premises upon re-letting, are capitalised.

Conversely, maintenance work, which ensures the optimum preservation of the real estate portfolio (renovation) and regular maintenance are recognised as expenses during the period in which they are carried out.

3.5.2.3. Financial Assets

Financial assets are valued at cost or at their contribution value after deducting any provisions required to restore them to their value in use (if necessary). At year-end, the acquisition value of investments is compared to their inventory value. The lowest of these is retained in the financials. The inventory value of the securities corresponds to their value in use for the Company.

In the case of investments held for the long term, value in use is assessed on the basis of the investee's net assets plus any unrecognised capital gains associated with the investee's non-current assets. For the listed subsidiary, use is made of their published triple net asset values.

The acquisition costs are incorporated in the cost price of financial assets and amortised over five years in the form of additional amortisation to benefit from tax incentives.

3.5.2.4. Trade receivables and related accounts

Receivables are stated at their par value. A provision for impairment is recorded when the recoverable value is lower than the book value.

A provision for impairment is recorded for each tenant with unpaid receivables, based on the risk incurred. The general criteria for establishing provisions, except in particular cases, are as follows:

- for current tenants:
 - no provision for tenants whose payables are less than three months overdue
- for departed tenants:
 - 50% of the amount of receivables for tenants whose receivables are between three and six months overdue
 - 100% of the total amount of receivables for tenants whose receivables are more than six months overdue, or involving a departed tenant
 - no provision for tenants whose payables are less than three months overdue
 - 100% of the total amount of receivables for tenants whose receivables are more than three months overdue.

For commercial customers, receivables and theoretical provisions deriving from the above rules are examined case-by-case to take specific situations into consideration.

3.5.2.5. Derivatives

Application of Regulation No. 2015-05 of 2 July 2015 of the French accounting standards authority (*Autorité des Normes Comptables* – ANC) concerning financial instruments and hedging has been mandatory since 1 January 2017.

To this end, Covivio uses only simple, standard and liquid derivatives, available on markets, namely swaps, caps, tunnel options (purchase of a cap and sale of a floor) particularly for the purposes of dynamic hedging of the total interest rate risk existing on its fixed rate debt.

Accordingly, in Covivio's separate financial statements the instruments hedging Covivio debt qualify as hedges and those hedging the debt of subsidiaries are to be regarded as derivatives in standalone open position. Over-hedging can also occur temporarily in dynamic hedging.

With regard to instruments qualifying as hedges:

- these are not recorded in the financial statements but shown in the off-balance sheet commitments
- the difference between the rate paid or received under these agreements is recognised as a financial income or expense for the year
- the premiums paid or received when hedges are placed are amortised as profit and loss over the hedge period
- in the event of an early unwinding of a hedge, the balance paid or received is amortised:
 - over the remaining life of the hedged debt, if it is identifiable or
 - over the remaining life of the unwound instrument.

With regard to derivatives qualifying as Standalone Open Positions (SOP):

- their change in fair value must be recognised on the balance sheet, offsetting a provisional account
- whenever this change in fair value is negative, a provision is recognised for an unrealised capital loss.

3.5.2.6. Provisions for risks and charges

Provisions are defined as liabilities of uncertain duration or amount. A liability is a bond issued to a third party, which is likely or certain to cause an outflow of resources to that third party, without at least an equivalent amount expected from that party.

A risk provision related to investments is established to cover the negative net equity of subsidiaries and when all of the subsidiary's shares and loans have been depreciated.

3.5.2.7. Retirement benefits

Covivio applies recommendation No. 2014-03 issued by the French Accounting Standards Authority (*Autorité des Normes Comptables* – ANC) regarding recognition and measurement of retirement commitments and similar benefits. This recommendation allows the evaluation of the provision for post-employment benefits in accordance with IAS 19R. In terms of recognising these retirement commitments, Covivio opted for the immediate and total recognition in profit or loss of the result of the recognition of actuarial gains and losses.

3.5.2.8. Provisions for financial contingencies and losses

The provisions for risks and financial charges on financial instruments are explained in Section 3.5.2.5.

An Isolated Open Position (IOP) must be recognised where the company is in a position of over-hedging (whether the over-hedging is a risk or an unrealised gain). The IOP is recognised in the financial statements as a derivative account and a cash instruments valuation difference account. Where the derivative value is a debt, the Company must record a provision for over-hedging. Where the IOP representing a derivative liability is no longer recognised, the provision is reversed and the market value of the derivative on the date on which the hedging relationship is set up is amortised over its residual term.

3.5.2.9. Borrowings, financial debt and bonds

Bank financing usually consists of six bond issues and medium- and long-term credit agreements with varying draw-down periods. Successive draw-downs are recognised in the financial statements at their par value. These agreements include covenant clauses, which are reported under off-balance-sheet commitments.

3.5.2.10. Deferred expenses

Deferred expenses correspond to the issue cost of borrowings and are amortised over the loan period. An exceptional impairment is booked if the borrowing is redeemed early.

3.5.2.11. Bond redemption premium

These are amortised over the life of the bond.

3.5.2.12. Revenues

Revenues mainly include income related to the following activities:

- rental income
- services income.

Rental income corresponds to rent and expenses charged to building tenants, which are recorded as the service advances.

As a general rule, invoicing is quarterly for tertiary sector assets (offices, etc.) and monthly for residential assets.

For services, revenues are recognised as the service progresses.

3.5.3. Explanation of balance sheet items

3.5.3.1. Fixed assets

3.5.3.1.1. Adjustment to gross values

(€K)	Note 3.5.3	Gross amounts at 31/12/2018	Increases		Decreases		Gross amounts at 31/12/2019
			Acquisitions and works	Transfers	Sales and other disposals	FTA and Merger	
Intangible assets		12,462	3,107	0	1,408	0	14,161
Concessions and software		11,841	861	2,192 ⁽¹⁾	1,408	0	13,486
Merger losses							0
Fixed assets in progress		621	2,245	-2,192 ⁽¹⁾			675
Tangible fixed assets		2,904,935	57,094	-1,166	533,440	0	2,427,423
Land		1,020,252	6,088	2,471	178,555 ⁽²⁾		850,256
Land under finance leases		171			89		82
Buildings		1,801,658	29,496	28,564 ⁽³⁾	353,805 ⁽⁴⁾		1,505,914
Leased buildings		370			227		143
Other tangible fixed assets		39,659	21	265 ⁽⁵⁾	764 ⁽⁵⁾		39,181 ⁽⁷⁾
Deficit on real estate assets		34,306					34,306
Fixtures and fittings		589	0	0	50		538
Transport equipment		99	0	0	99		0
Office and IT equipment		2,594	21	259	596		2,278
Furniture		2,071	0	7	19		2,058
Fixed assets in progress		42,825	21,489 ⁽⁶⁾	-32,466	0		31,848
Financial Assets		5,440,539	535,272	0	346,784	1,876	5,627,151
Equity investments	1.2	4,341,714	118,365	34,646	145,043	1,876	4,347,805
Investment-related receivables			37,176				37,176
Loans	1.3	1,026,753	340,389	-34,646	160,678	0	1,171,818
Securities	1.4	66,603			135		66,468
Treasury shares	1.4	5,393	39,340		40,927		3,806
Other non-current financial assets		76	2		0		77
TOTAL FIXED ASSETS		8,357,936	595,473	-1,166	881,632	1,876	8,068,735

(1) The increase in intangible fixed assets in progress relates to the development of new modules for existing software, namely SAP/PRIMPROMO/SALESFORCE/ALTAIX.

(2) Refers to the disposal of plots for "Citroën Saint Ouen", Quatuor in Roubaix and "Green Corner" in the case of Covivio France and plots for a number of assets in Milan (Milano – via Montebello, via Jenner, via Boscovich, corso Sempione), in Rome (Roma – via dell'Arte, via dei Boccabelli) in the case of the Italian Branch.

(3) Impact of works on assets (Delcasse, Percier, Citroën Saint Ouen and Lezennes Helios).

(4) In addition to the disposals described under "Significant events", scrapping of components for a NBV of €805 thousand was recorded during the year.

(5) The increase in "Other tangible fixed assets" relates to the acquisition of furniture and the development of our IT infrastructure for €259 thousand. The decrease of a gross amount of €596 thousand (NBV of €24 thousand) relates to the scrapping of obsolete equipment.

(6) Refers mainly to works on assets under development, namely: Meudon Ducasse (€9,290 thousand) Villeneuve-d'Ascq Lezennes Hélios (€2,542 thousand), Citroën Saint-Ouen (€2,079 thousand) and Saulnier Meudon Canopée (€574 thousand) as well as works carried out on the following buildings: 5-9 rue Cuirassier (€2,745 thousand), Paris Percier (€1,595 thousand) Saint Denis Pleyel (€957 thousand) and CAP18 (€590 thousand).

(7) The balance of fixed assets in progress mainly includes development projects: Meudon Ducasse (€11,514 thousand) as well as work on the Meudon Canopée building (€12,966 thousand), Percier building (€1,206 thousand) the Delcasse building (coworking business) for €1,155 thousand, CAP 18 building (€1,174 thousand), Lezennes Hélios (€1,114 thousand) and the Saint Denis Pleyel building (€991 thousand).

3.5.3.1.2. Change in equity investments

At 31 December 2019, Covivio held an interest in 100 companies.

In addition to equity investments detailed under significant events, the following equity investments were made in 2019:

- Covivio participated in the capital increase by incorporating the loans of the companies, 11, place de l'Europe, and Euromarseille 1
- Covivio participated in the capital increase of Covivio Property on 25 November 2019 (ownership unchanged at 100%)
- on 13 March 2019, Covivio established SNC Jean Jacques Bosc. The business of this company is to negotiate and enter into the necessary contract for the construction of a real estate project in Bègles. It is 99.99% owned
- on 5 April 2019, Covivio established SCI Terres Neuves. This Company acquires and leases the property complex. It is 99.9% owned

- on 22 May 2019, Covivio established SNC André Lavignolle. This Company acquires and leases the property complex. It is 99.9% owned
- Covivio established SCCV Chartres Avenue de Sully, Bobigny le 9^e Art and Fontenay-sous-Bois Rabelais in partnership with Nexity Logement, AEGIDE Promotion and Eiffage Immobilier respectively, the purpose of which will be residential real estate development. They are 50%, 60% and 50% owned, respectively
- on 9 July 2019, Covivio established SCI de la Louisiane. This Company acquires and leases the property complex. It is 99.9% owned
- on 19 July 2019, Covivio established Covivio Office Holding GmbH. It is 100% owned.

The two largest investments are:

- Covivio Hotels: €1,121 million
- Covivio holding GmbH: €1,021 million

Amount at 31/12/2018
(€K)

4,341,714

Acquisition of securities and similar		
	SCI Ruel B3 B4	9
Capital increase		
	Covivio Hotels	40,084
	SAS 6 rue Fructidor	147
	SNC Fructipromo	1
	SNC JJ Bosc	1
	Covivio Alexanderplatz SARL	30
	SCI Terres Neuves	1
	SNC André Lavignolle	1
	SCCV Chartres avenue de Sully	1
	SCI de la Louisiane	1
	Covivio Office Holding GmbH	25
	SCCV Bobigny le 9 ^e Art	1
	SCCV Fontenay Sous Bois Rabelais	1
	Covivio Property	10,022
	Covivio 7	7,000
	Covivio Attività immobiliari 2	20
	Covivio Attività immobiliari 3	20
	Covivio Développement SpA SIINQ	61,000
Total increase relating to acquisitions		118,365
Increase in securities by incorporation of a loan or current account		
	Euromarseille 1	5,000
	SCI 11 place de l'Europe	5,006
	SAS 6 rue Fructidor	24,640
Total increase in securities by incorporation of a loan		34,646
Capital reduction and disposal		
	Foncière Développement Logements	115,354
	SCI Ruhl Côte d'Azur	29,584
	Central Sicaf	105
Total decrease related to capital reductions and disposals		145,043
Securities released from the Company following FTA or merger		
	25/27, quai Félix-Faure	1,231
	682, cours de la Libération	644
Total decrease due to FTAs or mergers		1,876
AMOUNT AT 31/12/2019 (€K)		4,347,805

3.5.3.1.3. Details on loans

The loans consist of:

Type of loan	(€K)
Loans to subsidiaries	1,163,636
Accrued interest on subordinated loans	3,744
Accrued interest on SWAP	4,273
Loans to personnel	100
Other loans	64
TOTAL AT 31/12/2019	1,171,818

Capital to subsidiaries relate to financing for development operations, which primarily comprise the following loans as at 31 December:

(€K)	Outstanding principal due	Accrued interest
SCI du 21 rue Jean Goujon	133,020	
SCI Rueil B2	110,378	
Covivio Alexanderplatz Sarl	76,700	850
SCI Danton Malakoff	75,175	
9 rue Cuirassiers	73,795	460
SCI Charenton	69,047	
Covivio Holding GmbH	66,450	7
SCI N2 Batignolles	49,834	
Palmer Plage	48,400	
Omega B	37,759	477
SCI Cite Numérique	36,102	
SAS 6 rue Fructidor	29,751	
SCI Meudon Saulnier (9/7/13)	29,000	
SCI avenue de la Marne	28,500	
BGA Transactions	28,400	789
SCI Atlantis	26,000	
SCI Lenovilla	24,762	
SCI Latécoère 2 (26/02/13)	22,474	
SCI Euromarseille 2	22,143	
SCI 11 place de l'Europe	18,044	
Acopio GMBH	18,000	2
35/37 rue L. Guérin	17,800	
Federation	17,000	733
288 rue Duguesclin	16,000	
32 av P. Grenier	12,100	
SCI Orianz	11,076	42
Others	65,925	384
TOTAL	1,163,636	3,744

Loans to subsidiaries are not covered by a repayment schedule. They are repaid based on each borrower's free cash flow. Nevertheless, a final repayment date, ranging from January 2020 at the earliest to March 2028 at the latest, is stipulated in the agreement.

3.5.3.1.4. Other securities

This item to the amount of €70,274 thousand essentially includes:

Breakdown of merger deficit on financial assets

Breakdown of <i>merger</i> deficit among financial assets	Amount (€K)
Latécoère	13,914
Palmer Plage	2,175
Dual Center	136
Palmer Montpellier	95
Central Sicaf	32,517
BS Immobiliare 9	10,875
	59,713

Treasury shares

Breakdown of treasury shares	Number of shares	(€K)
Shares held by the Company – liquidity agreement	37,671	3,806

A provision was set up for the treasury shares under the liquidity agreement in the amount of €20 thousand on the basis of the average share price in December 2019.

3.5.3.1.5. Change in amortisation, depreciation and provisions

(€K)	Note 3.5.3	Amort. 31/12/2018	Charges	Reversal and disposal	Allocation of components	Transfer	Amort. 31/12/2019
Intangible assets		9,928	1,436	808	0	0	10,556
Concessions and software		9,928	1,436	808	0	0	10,556
Merger losses							0
Tangible fixed assets		126,913	114,662	33,729	1,336	1,166	205,344
Buildings		120,826	64,147	32,749 ⁽¹⁾	1,309	1,166	149,748
Leased buildings		370	0	227	0		143
Other tangible fixed assets		5,547	1,603	664	27		6,459
Provisions on land and buildings		0	48,912	0			48,912 ⁽²⁾
Provisions on land and buildings under finance leases		171	0	89	0	0	82
Financial Assets		24,530	165,683	623	0	0	189,589
Investments	1.2	23,465	165,453	546	0	0	188,372
Loans	1.3	0	50	0			50
Securities		1,006	159	19	0	0	1,146
Treasury shares		58	20	58			20
TOTAL AMORTISATION AND DEPRECIATION		161,370	281,781	35,160	1,336	1,166	405,490

(1) Relates to removals from depreciation following the disposal of buildings.

(2) Each year, the book value of the assets is compared against their estimated market value. An independent appraisal, carried out every half-year, is used as a benchmark for all real estate assets: €1,063 thousand in impairment at 31 December 2019 on the Meudon Canopée building and €47,849 thousand on 18 buildings belonging to the Italian Branch (including Centro Commerciale Monteneiro Di Bisaccia (€9,643 thousand) and Centro Commerciale "il Ducale" (€9,827 thousand)).

3.5.3.1.6. Breakdown of provisions for equity investments

In the case of investments held for the long term, value in use is assessed on the basis of the investee's net assets plus any unrecognised capital gains associated with the investee's non-current assets. For the listed subsidiaries, the Company uses the published net asset value.

(€K)	31/12/2018	Charges	Reversals of provisions	31/12/2019
FDL**	9,300	134,026		143,326
Central Sicaf SPA		20,495		20,495
Covivio Property	2,737	6,294		9,031
BS7 SPA	3,447	2,628		6,075
SCI N2 Batignolles	5,217	27		5,244
Covivio Développement*	1,852			1,852
Attivita Commerciali Montenero Stl		816		816
Attivita Commerciali Vigeveno Stl		756	91	279
RGD Gestioni SRL	370			276
Attività Commerciali Beinaco S.r.l.		276		756
1630 av Croix Rouge		83	2	83
GFR Ravinelle	43		12	41
SCI EB2	38			25
Covivio Office Holding GmbH*		25		25
Foncière Margaux	5	9		14
Covivio Attività Immobiliari 1	0	7		7
EURL Proptech*	3			3
Covivio Attività Immobiliari 2		3		3
Covivio Attività Immobiliari 3		3		3
SCCV Chartres Avenue de Sully*		1		1
SNC Wellio*	1			1
SNC Le clos de Chanteloup*	1			1
SNC Bordeaux Lac*	1			1
SNC Sully Chartres*	1			1
SNC Sucy Parc*	1			1
SNC la Marina Fréjus*	1			1
SNC Normandie Niemen Bobigny*	1			1
SNC le Printemps de Sartrouville*	1			1
SNC Gauguin St-Ouen-L'Aumône*	1			1
SNC Tours Coty*	1			1
SNC Valence Victor Hugo*	1			1
SNC Nantes Talensac*	1			1
SNC Marignane Saint-Pierre*	1			1
SNC Jean Jacques Bosc*		1		1
SCI Terres Neuves*		1		1
SNC André Lavignolle*		1		1
SCI de la Louisiane*		1		1
SCCV Bobigny le 9 ^e Art		1		1
Covivio Lux	16		15	1
SCCV Fontenay-sous-Bois le 9 ^e Art		1		1
Cœur d'Orly Promotion	2		2	
SNC Gambetta Le Raincy	1		1	
SNC Villouvette Saint-Germain	1		1	
SNC Meudon Bellevue	1		1	
BS Immobiliare 9	370		370	
RGD Ferrara 2013	51		51	
Other securities	1,006	159	19	1,146
TOTAL DEPRECIATIONS	24,471	165,612	565	189,518

* Since the impairment of shares was not sufficient to cover their net negative position, the loans or advances in the associates' current accounts that they were granted were impaired in the amount of their net position and when necessary a provision was recognised.

** Following the disposals and the subsequent distributions and in compliance with SIIC regulations, as the value of FDL securities entered in Covivio's accounts was greater than the net position, a provision was set up for the securities; the distributions were charged against FDL equity without affecting the par value of securities in Covivio's accounts.

Market prices and NAV of listed subsidiaries

Name of public subsidiaries	Average share price December 2019	EPRA triple net NAV at 31/12/2019
Covivio Hotels	28,5	28,9

With Covivio Hotel's triple net asset values greater than the value of securities reflected in Covivio's financial statements, no impairment is to be recognised.

3.5.3.1.7. Details of provisions for loans and current accounts

This table lists loans and current accounts subject to an impairment only.

Receivables and provisions (€K)	Gross amounts of receivables at 31/12/2019	Amortisations at 31/12/2018	Charges	Reversals of provisions	Amortisations at 31/12/2019
SNC Jean Jacques Bosc	143		29		29
SCI Terres Neuves	400		14		14
SCCV Chartres Avenue de Sully	715		8		8
Loans	1,258	0	50	0	50
SNC Wellio	14,510	5,546	1,485		7,031
Covivio Développement	1,610		1,610		1,610
SNC Bordeaux Lac	12,397	477	558		1,035
SNC Le clos de Chanteloup	1,241	221	478		698
SNC Sully Chartres	1,208	211	160		371
EURL PropTech	98	132	175		307
Others*	7,151	83	159		242
Current accounts⁽¹⁾	44,313	8,605	4,624	1,935	11,293
Receivables/disposals of fixed assets	92,389	1,607		1,400	207
Other receivables	30,772	3,106	527	364	3,270
Purchaser unpaid ⁽²⁾	304	34		23	10
Debtor accounts	123,464	4,747	527	1,787	3,487

* Others: impairment below €150 thousand.

(1) Provisions for current accounts are recorded taking into account the negative net equity of subsidiaries and provisions booked on other receivables.

(2) These are receivables from the settlement of expenses from disposed assets.

3.5.3.2. Current assets

3.5.3.2.1. Breakdown of receivables by maturity

(€K)	Gross amounts at 31/12/2019	Amount due in less than 1 year	Incl. Gross amount Italian Branch	Amount due in less than 1 year Italian Branch	Gross amounts at 31/12/2018
Trade receivables and related accounts⁽¹⁾	49,220	49,220	41,186	41,186	38,981
Of which expenses that may be recovered from tenants ⁽²⁾	3,578	3,578			4,559
Invoice not yet submitted	18,207	18,207	16,489	16,489	7,913
Other receivables⁽³⁾	445,841	445,841	138,554	138,554	181,766
Current accounts	314,299	314,299	10,160	10,160	118,080
Miscellaneous receivables	124,171	124,171	123,353	123,353	44,594
Tax receivable	5,769	5,769	5,041	5,041	16,459
VAT receivables	1,483	1,483			2,565
Principal's current account	120	120			68
TOTAL RECEIVABLES	495,061	495,061	179,740		220,747

(1) Application of the impairment rules presented in the accounting rules and policies resulted in a provision for trade receivables being recognised for an amount of €1,775 thousand. At 31 December 2019, total impairment stood at €19,741 thousand, of which €18,509 thousand for the Italian Branch compared with €18,446 thousand at 31 December 2018.

(2) These expenses result in pre-payment requests issued to tenants being recorded as liabilities on the balance sheet under "Advances and pre-payments" in the amount of €3,420 thousand (see Section 3.5.3.5 Financial debt).

(3) Impairment on other receivables is broken down as follows:

Receivables and provisions (€K)	Gross amounts of receivables at 31/12/2019	Amortisations at 31/12/2018	Charges	Reversals of provisions	Amortisations at 31/12/2019
Current accounts⁽³⁾	44,313	8,605	4,624	1,935	11,293
Purchaser unpaid	304	34	0	23	10
Miscellaneous receivables Italian Branch	123,160	4,714	527	1,764	3,477
Debtor accounts	123,464	4,747	527	1,787	3,487
TOTAL DEPRECIATIONS OTHER RECEIVABLES					14,780

3.5.3.2.2. Marketable securities

The realisable value of the marketable securities was €7,431 thousand as at 31 December 2019. There was no significant unrealised gain, as the Group states the unrealised gains in the last week of each fiscal year (sale/repurchase).

(€K)	Gross amount at 31/12/2018	Acquisitions	Disposals	Transfer	Gross amount at 31/12/2019
Shares held by the Company for allocation to employees – profit-sharing ⁽¹⁾	697		1,798	1,102	0
Shares held by the Company pending allocation ⁽¹⁾	12,585		10	-1,102	11,474
Treasury shares with rights attached – Ornane – type bonds ⁽¹⁾	21		21		0
	13,303	0	1,829		11,474
Term account	495,000	190,009	70,000		615,009
Marketable securities ⁽²⁾	4,316	17,978	14,863		7,431
Accrued interest on investments	992	1,500	992		1,500
BMTN to be received	14		14		0
	500,322	209,486	85,869		623,939
TOTAL MARKETABLE SECURITIES	513,624	209,486	87,697	0	635,413

(1) 136,886 shares for allocation.

(2) As at 31 December 2019, the portfolio of marketable securities comprised traditional money market investment funds (SICAV). The Company does not make any speculative investments involving a capital risk.

3.5.3.2.3. Accruals – assets

(€K)	Gross amount at 31/12/2019	Incl. Italian Branch at 31/12/2019	Gross amount at 31/12/2018	Incl. Italian Branch at 31/12/2018
Accrued operating expenses⁽¹⁾	2,032	922	1,695	1,088
Accrued financial expenses	93,948	0	67,503	0
Agent commissions	17		5	
Cash adjustments spread ⁽²⁾	93,932		31,596	
Isolated open positions ⁽²⁾			35,902	
Total prepaid expenses	95,980	922	69,198	1,088
Treasury instruments (Cap/Floor premiums)	385		17	
Treasury instruments IOP	533		644	
Total treasury instruments	918	0	661	0
Deferred expenses (Loan issue costs ⁽³⁾)	14,371	6,669	20,842	13,313
TOTAL ACCRUALS	14,371	6,669	20,842	13,313

(1) Accrued operating expenses are external charges relating to services to be rendered after 31 December 2019.

(2) During the 2019 fiscal year, the premiums paid from the renegotiation of six swaps amounted to €87.9 million. These premiums were spread over the residual term of the swaps. The outstanding premiums to be spread amount to €93.93 million and correspond to a historic accumulation of €145.2 million in premiums paid.

(3) Deferred expenses exclusively comprise the bond issue costs spread over the term of the bond.

3.5.3.3. Shareholders' equity

(€K)	31/12/2018	Capital increase	Other changes during the year	Allocation of net income/dividend	31/12/2019
Share capital ⁽¹⁾	248,709	12,951			261,660
Share premium account ⁽¹⁾	2,591,595	328,612			2,920,207
Additional paid-in capital	296,342				296,342
Merger premiums	665,750				665,750
Revaluation reserves	83,453				83,453
Legal reserve	24,816	1,255		54	26,126
Other reserves	46				46
Retained earnings ⁽²⁾	97,620			-33,665	63,955
Allocation of 2018 income ⁽²⁾	348,467			-348,467	0
Net income for the 2019 fiscal year			293,940		293,940
Regulated provisions	33,411		361		33,773
SHAREHOLDERS' EQUITY	4,390,209	342,818	294,301	-382,078	4,645,252

(1) Capital increase of 133,236 shares as part of the allocation of free share plans, of 298,053 shares as part of the conversion of 1,670,419 Omne-type bonds issued in 2013 and 3,885,719 shares as part of the payment of dividends as shares.

(2) The Ordinary and Extraordinary General Meeting on 17 April 2019 allocated income as described below and paid a dividend of €4.60 per share.

(€K)	
Net income for the fiscal year ended 31 December 2018	348,467
Additional paid-in capital	
Merger premium	
Retained earnings	97,620
Distributable revaluation reserve	
TOTAL TO BE ALLOCATED	446,087
Legal reserve	54
Dividends paid out	382,077
Retained earnings	63,955
TOTAL ALLOCATED	446,087

3.5.3.4. Provisions

(€K)	Note	31/12/2018	Increase			Decrease			31/12/2019	Incl. Italian Branch at 31/12/2019
			Incl. Italian Branch at 31/12/2018	Operating charges	Financial charges	Reversals of operating provisions (amount used)	Reversals of operating provisions (amount not used)	Reversals of financial provisions (amount not used)		
Provisions for contingencies		48,952	5,409	4,679	185	1,530	1,119	38,455	12,713	6,183
Portfolio-related litigation ⁽¹⁾		7,041	5,107	2,913		840	1,115		7,999	5,885
Provisions for litigation		302	302				5		297	297
Provisions for swap risks ⁽²⁾		35,902						35,902	0	
Provisions relating to investments		3,798			185			2,553	1,431	
Yield-guarantee provision		0							0	
Provisions for URSSAF AGA		1,909		1,766		689			2,986	
Provisions for losses		5,893	3,394	514	0	3,043	45	0	3,319	306
End-of-career benefits	3.5.3.4.1	1,607		376					1,984	
Provisions for tax – tax audit		3,394	3,394			3,043	45		306	306
Long service award		892		121					1,012	
Provisions for departure		0		17					17	
TOTAL		54,845	8,803	5,193	185	4,572	1,164	38,455	16,033	6,489

(1) Provisions for real estate contingencies and losses were expensed in 2019 in the amount of €243 thousand in respect of the dispute over the buildings Delcassé (€233 thousand) and CAP 18 (€10 thousand) and reversal in the amount of €62 thousand (CAP 18).

(2) Provision for over-hedging on swaps of €35.9 million is no longer applicable following the restructuring of debt.

Note: until 31 December 2018, two swaps were recognised on the balance sheet as IOPs at their market value. At 31 December 2018, the negative fair value of one of the swaps gave rise to a provision for contingencies. At 1 January 2019, these derivatives are reused for hedging purposes. The fair value of the swap as of the date of reuse is amortised as profits for the residual term of the derivative. As such, the provision for swap contingencies is reversed.

3.5.3.4.1. End-of-career benefits

Covivio applies recommendation No. 2014-03 issued by the French Accounting Standards Authority (Autorité des Normes Comptables – ANC) regarding recognition and measurement of retirement commitments and similar benefits. This recommendation allows the evaluation of the provision for post-employment benefits in accordance with IAS 19R.

In terms of recognising these retirement commitments, Covivio opted for the immediate and total recognition in profit or loss of the result of the recognition of actuarial gains and losses.

Main assumptions used for end-of-career benefits and long-service awards

Parameters	31/12/2019	31/12/2018
Discount rate	0.44%	1.27%
Annual inflation		
Annual wage growth		
Executives	4%	4%
Non-managers	3%	3%
Payroll tax rate (IFC only)	48.80%	51.26%
Mortality rate	TGF05/TGH05	TGF05/TGH05
Turnover		
Up to 49	10.09%	10.21%
50 and over	0%	0%
Reason for retirement	100% voluntary	100% voluntary

3.5.3.5. Debt

(€K)	Note	Incl. Italian Branch								31/12/2018
		31/12/2019	Amount due in less than 1 year	Amount due in 1 to 5 years	Amount due in over 5 years	31/12/2019	Amount due in less than 1 year	Amount due in 1 to 5 years	Amount due in over 5 years	
Convertible bonds	3.5.3.5.1	200,734	734	200,000		200,734	734	200,000		348,309
Bonds	3.5.3.5.1	2,525,313	205,313	425,000	1,895,000	734,172	9,172	425,000	300,000	2,251,880
Borrowings and debt from credit institutions ⁽¹⁾		1,365,475	1,365,475		0	0				1,652,644
Current accounts and various financial debts		320,112	311,169	8,943		16,586	16,586			345,775
Total financial debt		4,411,634	1,882,691	633,943	1,895,000	951,492	26,492	625,000	300,000	4,598,607
Advances and pre-payments ⁽²⁾		3,420	3,420			0				4,594
Trade payables and related accounts ⁽³⁾		26,762	26,762			22,320				29,044
Debt on fixed assets and related accounts ⁽³⁾		15,844	15,844			10,755				19,130
Tax and social security liabilities ⁽⁴⁾		30,413	30,413			22,311				9,891
Other liabilities ⁽⁵⁾		22,963	22,963			18,670				8,330
TOTAL		4,511,035	1,982,092	633,943	1,895,000	1,025,548	26,492	625,000	300,000	4,669,595

(1) Breakdown of borrowings and debt from credit institutions:

- the outstanding payable due on the credit lines and treasury bills was €1,363,900 thousand
- accrued unpaid interest amounted to €1,180 thousand
- €374 thousand in bank overdrafts
- €20 thousand in bank charges.

The amount of borrowings taken out and credit lines drawn totalled €92,500 thousand and only concerned treasury bills.

(2) This line refers to calls for funds from tenants.

(3) Breakdown of trade payables and fixed asset suppliers.

(€K)	31/12/2019	Incl. Italian Branch
Operating payables	26,762	22,320
Trade payables and related accounts	1,351	1,035
Trade payables – Invoices not received	25,344	21,285
Not used commission payable	67	
Debt on fixed assets and related accounts	15,844	10,755
Trade payables on fixed assets and related accounts	1,038	681
Trade payables – hold-backs	3,533	3,348
CB – fournisseurs travaux	0	0
Trade payables on fixed assets – Invoices not received	11,272	6,725
TOTAL TRADE PAYABLES ON FIXED ASSETS	42,605	33,075

(4) Breakdown of tax and social security liabilities:

- €747 thousand in VAT
- €2,005 thousand in payroll and social security expenses
- personnel expenses of €6,333 thousand, including provisions for paid leave of €1,785 thousand
- €98 thousand in Organic
- €21,230 thousand in tax liabilities.

(5) The Other debts item corresponds to the balance of accounts:

- trade receivables in the amount of €3,159 thousand
- credit to be raised in the amount of €1,086 thousand
- receivables from disposals of assets €15,147 thousand
- other receivables €3,571 thousand.

3.5.3.5.1. Bonds

The bond principal outstanding is €2,726 million, of which €26 million accrued interest.

The table below summarises the major features of these swap contracts:

Issue date	28 March 13
Issue amount (€M)	€180 million
Nominal rate	3.30%
Maturity	30 Apr 20
Issue date	20 May 16
Issue amount (€M)	€500 million
Nominal rate	1.875%
Maturity	20 May 26
Issue date	21 June 17
Issue amount (€M)	€500 million
Nominal rate	1.500%
Maturity	21 June 2027
Issue date	16 Febr 18
Issue amount (€M)	€95 million
Nominal rate	1.500%
Maturity	21 June 27
Issue date	17 Sept 19
Issue amount (€M)	€500 million
Nominal rate	1.13%
Maturity	17 Sept 31

Bond Beni Stabili

Issue date	03/08/2015
Feature	Convertible ORNANE-type bonds
Issue amount (€M)	€200 million
Nominal rate	0.875%
Maturity	31/01/2021
Issue date	30/03/2015
Issue amount (€M)	€125 million
Nominal rate	2.125%
Maturity	30/03/2022
Issue date	17/10/2017
Issue amount (€M)	€300 million
Nominal rate	1.625%
Maturity	17/10/2024
Issue date	20/02/2018
Issue amount (€M)	€300 million
Nominal rate	2.375%
Maturity	20/02/2028

3.5.3.5.2. Cash instruments

This line refers to the fair value at closing of the financial instruments qualified as standalone open positions offset by a provisional account "Adjustment account – Assets".

3.5.3.5.3. Banking covenants

As of 31 December, the consolidated ICR and LTV Crédit corporate bank covenants, the ratio of pledged debt are all respected:

- LTV < 60% (with possibility to overrun in a half year within the limit of 65%)
- ICR > 200%.

They amount to 41.2% for the LTV group share, 573% for the ICR group share and 4.6% for the pledged debt ratio.

3.5.3.5.4. Accrued expenses and deferred income

(€K)	31/12/2019	Incl. Italian Branch	31/12/2018	Incl. Italian Branch
Trade payables – Invoices not received	25,344	21,285	24,630	14,094
Trade payables on fixed assets – Invoices not received	11,272	6,725	15,930	9,428
Paid leave	1,785	418	1,639	400
Other tax and social security liabilities	5,777	319	5,441	213
Accrued bank interest – Charges	20		4	
Accrued interest on borrowings*	27,228	9,906	27,039	9,932
Unused commission to be paid	67		70	
TOTAL	71,494	38,653	74,753	34,067
Treasury instruments IOP	37,534		44,788	
TOTAL TREASURY INSTRUMENTS	37,534	0	44,788	0
Deferred revenue				
Cash adjustments spread**	25,827		958	
Isolated open positions**	644		644	
Treasury bills	729		563	
Rental activity	3,722	3,722	5,013	5,013
DEFERRED REVENUE	30,922	3,722	7,178	5,013

* The accrued interest is from treasury bills, bank loans and swaps (€1,180 thousand) and bonds (€26,047 thousand).

** During the 2019 fiscal year, the swaps were renegotiated generating premiums of €26.7 million. These premiums were spread over the residual term of the swaps. As of 31 December 2019, the outstanding amount to be spread under PCA, amounted to €25.8 million. Note: the cash payments received amounted to €40 million.

3.5.4. Notes to the income statement

At 31 December 2019, net income amounted to €293,940 thousand, compared with €348,467 thousand in 2018.

It is recalled that Beni Stabili merged with Covivio on 31 December 2018.

From 1 January 2019, the Italian Permanent Branch has been included in Covivio's income statement.

3.5.4.1. Operating income

3.5.4.1.1. Revenues

(€K)	31/12/2019	Incl. Italian Branch	31/12/2018
Rental income	159,011	105,009	56,078
Offices	147,894	105,009	44,446
Logistics	11,038	0	11,575
Finance leases	78	0	58
Real estate business	955	955	0
Service revenues	32,739	3,465	30,034
TOTAL	192,705	109,429	86,112

The change in revenue is due to the inclusion of the revenue of the Italian Branch and the reduction in rent in France linked to the disposal of buildings in 2019 i.e. the Citroën building in Saint-Ouen (Sopop), the Vinci building in Roubaix and Green Corner.

3.5.4.1.2. Reversal of provisions and transfer of operating expenses

The reversals of provisions and transfers of operating expenses mainly consist of:

(€K)	31/12/2019	Incl. Italian Branch
Reversals of provisions for operating contingencies and charges	2,649	1,897
Provisions for litigation related to the portfolio	67	1,897
Provisions for social security contribution (URSSAF) for free share allocation	2,582	
Reversals of provisions on inventories	1,070	1,070
Reversals of provisions for doubtful receivables and purchasers	4,356	3,955
Transferred charges	3,063	0
Loan issue costs	1,810	
Benefits in kind awarded to staff	125	
Incentive plan invested in shares	974	
Reinvoicing transfer of social liabilities	41	
Reinvoicing staff costs	91	
Repayment of insurance and other operating expenses	22	
TOTAL REVERSALS OF PROVISIONS, IMPAIRMENTS AND TRANSFERRED EXPENSES	11,137	6,922

3.5.4.1.3. Operating expenses

(€K)	31/12/2019	Incl. Italian Branch	31/12/2018
Purchases – Real estate traders	2,862	2,862	0
Change in inventory – Real estate traders	3,050	3,050	0
Other purchases and external expenses ⁽¹⁾	53,268	31,094	28,884
Taxes and related payments	21,131	13,003	8,654
Staff costs	31,585	6,372	23,519
Depreciation, amortisation and provisions ⁽²⁾	133,105	109,121	28,479
Other operating expenses ⁽³⁾	4,436	3,053	975
TOTAL OPERATING EXPENSES	249,437	168,555	90,512

(1) The increase in "Other purchases and external expenses" is due to expenses related to the Italian Branch.

(2) Breakdown of depreciation, amortisation and provisions.

(€K)	31/12/2019	Incl. Stable Branch	31/12/2018
Amortisation of intangible assets	1,436	289	950
Depreciation of rental assets	64,271	48,375	19,288
Depreciation of furniture and equipment	364	124	364
Depreciation of merger deficit	1,115		1,115
Deferred expenses	8,281	6,644	4,563
Sub-total for depreciation and amortisation	75,468	55,432	26,280
Depreciation of MDB stock	1,231	1,231	
Provisions for trade receivables	2,301	1,939	383
Provisions for fixed assets	48,912	47,849	
Provisions for risks and charges ⁽⁴⁾	5,193	2,671	1,817
Sub-total for provisions	57,638	53,689	2,199
TOTAL	133,105	109,121	28,479

(3) "Other operating expenses" corresponds largely to losses on unrecoverable expenses (€2,362 thousand), directors' fees (€480 thousand), a yield guarantee (€653 thousand) granted to ACM for the SILEX project.

(4) The details concerning provisions for risks and charges are given in Section 3.5.3.4. These expenses concern the provisions for URSSAF AGA (€4,437 thousand), provisions for the portfolio (€243 thousand), provisions for breach of contract (€17 thousand), end-of-career benefits (€376 thousand) and long-service awards (€121 thousand).

3.5.4.2. Net financial income

(k€)	Note 3.5.4	31/12/2019	Incl. Italian Branch	31/12/2018
Financial income from investments		499,638	54,871	387,138
Dividends received from subsidiaries and equity investments	2.1	499,638	54,871	387,138
Financial income on guarantees given		0		0
Other marketable securities and fixed asset receivables income		8,745	6	6,553
Income from loans to employees		8	6	2
Income from loans to subsidiaries		8,737		6,550
Other interest and similar income		41,901	4,124	102,553
Interest on group current accounts		1,619	127	865
Income from financial instruments		12,407		20,696
Income from treasury bills		3,698		3,262
Revenue from term accounts		1,734		1,813
Premiums and cash adjustments received		9,063		2,846
Other income		4,756	3,997	3,399
Statutory interest		4,881		11,236
Merger premiums	2.2	3,743		58,436
Reversals of provisions and transferred expenses	2.3	41,033	531	20,549
Reversals of provisions for financial contingencies and charges		2,553		35
Reversals of provisions for financial risks related to securities – current accounts		1,935		10,544
Reversals of provisions for swap risks		35,902		3,830
Reversals of provisions on financial assets	3.5.3.1.6	633	531	6,045
Reversals of provisions for merger deficit on financial assets				95
Transferred financial expenses		10		
Net income from disposal of marketable securities		0		0
Total financial income		591,318	59,532	516,793
Provisions for financial contingencies and losses		171,854	25,142	27,610
Provisions for financial contingencies		185		3,720
Provisions for financial contingencies related to securities – current accounts		4,624		8,110
Provisions on financial assets ⁽¹⁾	3.5.3.1.6	165,683	25,142	14,745
Provisions for merger deficit on financial assets				
Other financial provisions		1,362		1,034
Interest and similar expenses		154,890	42,267	132,975
Interests on loans and swaps		85,122	29,895	63,316
Interest on group current accounts		3,189		3,067
Bank interest and financing operations		4,788	630	3,804
Merger deficits	2.2	0		41,119
Premiums and cash adjustments paid				769
Spreading of premiums and cash adjustments	3.5.3.2.3	25,745		20,901
Fair value adjustments to financial instruments		111		
Reversal of valuation of derivative financial instruments	3.5.3.4	35,902		
Other financial expenses		33	11,742	
Net expenses from disposal of marketable securities		15		20
Net expenses on disposals of treasury shares		1,808		1,542
Total financial expenses		328,567	67,409	162,147
NET FINANCIAL INCOME		262,750	-7,877	354,646

(1) Refers to impairment of equity investments for €165,663 thousand (see 3.5.3.1.6 and 3.5.3.1.7), particularly FDL, Central Sicaf and Covivio Property and of treasury shares for €20 thousand (liquidity agreement).

3.5.4.2.1. Breakdown of dividends

The dividends received from subsidiaries are as follows:

Companies distributing dividends (K€)	Dividends received in 2019	Dividends received in 2018
Foncière Développement Logements	139,549	43,873
Immeo Rewo Holding GmbH	80,000	30,000
Foncière des Murs SCA	77,410	69,196
Central Sicaf	49,267	
Technical SAS	43,500	58,000
Télimob Paris	27,000	58,000
Latepromo	14,985	
OPCI CB21	10,038	13,854
SCI Lenovilla	5,010	4,909
Silexpromo	4,995	
Covivio Immobiliare 9 SpA	4,954	
FDR 7	4,508	8,036
SARL 2 rue Saint Charles	4,500	
SCI 11 place de l'Europe	4,007	
SNC Lenopromo	3,696	
SCI Charenton	3,201	4,000
SCI Atlantis	3,000	4,000
SCI Euromarseille 1	2,750	
SCI 32 avenue P. Grenier	2,205	2,048
SCI du 10/14 rue des Tanneurs	1,999	1,290
SCI du 125 avenue du Brancolar	1,256	679
SCI Euromarseille 2	1,250	
SCI 1630 avenue Croix Rouge	1,229	811
Fédération	1,227	1,454
SCI RUEL B2	1,047	
SCI Dual Center	811	
SCI du 2 rue de L'III	791	613
Sci du 1 rue de Châteaudun	767	597
SCI du 20 avenue Victor Hugo	753	597
SCI du 40 rue JJ. Rousseau	706	824
RGD Gestioni	650	
SCI du 3 place à Chaussy	585	547
SCI du 8 rue M. Paul	569	296
SCI Raphael		942
GFR Kleber		187
Omega A		2,000
Le Ponant 1986		1,000
Ruhl Côte d'Azur		2,000
Bga Transactions		573
SARL du 25/27 quai Félix Faure		5,510
SCI Ruel B3 B4		
Béni Stabili		69,911
Other*	1,422	1,390
TOTAL	499,638	387,138

* "Others" includes distributions of less than €400 thousand in 2018 and 2019.

3.5.4.2.2. Breakdown of merger premiums and deficits for the fiscal year

(k€) Company	Accounting treatment			
	Financial income (merger premium)	Financial expense (merger deficit)	Allocation to the account of the underlying	Allocation to shareholders' equity (merger premium)
SARL 25/27 Quai Félix Faure	48			
SCI 682 Cours Libération	3,694			
TOTAL	3,743	0	0	0

3.5.4.2.3. Breakdown of reversals of provisions and transferred expenses

(k€)	31/12/2019	Incl. Italian Branch
Reversals of provisions for financial contingencies and charges	41,025	531
Reversals of provisions relating to investments	5,121	531
Reversals of provisions on investments	631	531
Reversals of provisions for operating contingencies and charges	2,554	
Reversal of provisions for risks – current accounts	1,935	
Other reversals of provisions of a financial nature	35,904	0
Reversals of provisions on treasury shares		
Reversals of provisions on investment securities	2	
Reversals of provisions for swap risks	35,902	
Transferred financial expenses	10	0
Employee share award expenses	10	
TOTAL	41,034	531

3.5.4.3. Net non-recurring income

Net non-recurring income of €76.57 million is mainly affected by the capital gains from disposals, i.e. €116 million, less the ORNANE conversion premium of €32 million and the early bond repayment penalty of €11.5 million.

Prodiuts (k€)	31/12/2019	Incl. Italian Branch	31/12/2018	Charges (k€)	31/12/2019	Incl. Italian Branch	2019 Net	31/12/2018
Non-recurring income on management transactions	306	0	132	Non-recurring expenses on management transactions	40	2	266	443
Miscellaneous income	296		111	Miscellaneous expenses	2	2		0
Non-recurring income on finance leases	0		1	Expenses on finance leases				
				Discontinued operation				378
Non-recurring income on leasing	11		20	Non-recurring expenses on operating leases	38	0		64
Income on capital transactions	692,702	342,617	133,953	Expenses on capital transactions	619,212	355,236	73,490	182,406
Non-recurring income on disposal of buildings	616,575	341,738	60,762	Book value of buildings sold off	501,643	353,936	114,932	54,804
Income on disposals of other fixed assets sold	3,267			NBV of other fixed assets sold	2,695	1,195	572	25,599
Income on exercise of finance lease purchase options	0		0	NBV from exercise of finance lease purchase options	89		-89	0
0	590			NBV of intangible fixed assets	600		-11	1
Income on disposals of treasury shares	41,799		33,096	NBV of treasury shares sold	40,927		872	33,237
Income from disposal of securities	29,584		39,998	Book value of securities sold	29,584		0	23,943
Income on disposals of other fixed securities	58	58		Book value of other fixed securities	105	105	-47	
				Loss on share-bond repurchases ⁽¹⁾	43,536		-43,536	44,785
Miscellaneous non-recurring income	829	821	97	Miscellaneous expenses	34		795	36
Reversals of provisions	3,176	3,088	18,947	Depreciation and provisions	361	0	2,815	3,634
Provisions for capital cost allowances			18,082	Capital cost allowances	361		-361	351
Finance leases – Reversals of Art. 57 provisions	89			Finance leases – Art. 64 provisions			89	
Reversals of provisions for taxes	3,088	3,088	865	Depreciation and amortisation charges			3,088	3,283
Non-recurring income	696,185	345,705	153,032	Non-recurring expenses	619,614	355,238	76,571	186,483
NET NON-RECURRING INCOME	76,571	-9,534	-33,451					

(1) Refers to the Ornane conversion premium (€32,019 thousand) and the early bond repayment penalty (€11,516 thousand).

3.5.4.4. Corporate income tax

Covivio France is subject to the SIIC regime; for 2019, taxable net income was a loss of €14,080,757.92.

The SIIC regime allows the exemption of:

- income from the leasing of assets
- capital gains from the disposal of assets to non-related companies
- dividends from subsidiaries are either subject to corporate income tax and opting for the SIIC regime or not subject to corporate income tax.

In return, the Company is subject to the following obligations concerning dividends:

- 95% of the taxable income from the leasing of assets must be distributed before the end of the year after the one in which said income was generated
- 70% of the capital gains from disposals of assets and shares in subsidiaries having opted for the tax treatment must be distributed before the end of the second fiscal year following the one in which they were realised
- 100% of the dividends from subsidiaries that have opted for the tax treatment must be distributed during the year after the year they are received.

The total distribution obligation is calculated by applying the appropriate distribution coefficient to each income category, limited to the taxable income from the entire exempt sector.

The tax credits amounted to €35,208 for the 2019 fiscal year.

Following Beni Stabili's merger with Covivio, the tax arrangements for Covivio's Permanent Branch in Italy changed after it left the SIIC tax regime. It will be subject to the 20% tax on real estate companies from 2019.

3.5.4.5. Increase in and relief of future tax liabilities

At 31 December 2018, the amount of Covivio's tax loss carryforwards was €273,322,693.

For the 2019 fiscal year, the net income was a loss of €14,080,758.

The tax loss carryforwards now amount to €287,403,451.

3.5.4.6. Non-tax deductible expenses

In accordance with the provisions of Article 223 *quater* of the French General Tax Code, it should be noted that the financial statements for the past year include a total of €35,686 corresponding to non-tax-deductible expenses (depreciation and excess rent on leased vehicles).

During the past fiscal year, Covivio incurred no expenses subject to Articles 223 *quinquies* and 39-4 of the French General Tax Code. It is recalled that the expenses covered by these articles are sumptuary expenses, such as for hunting, yachting and pleasure craft such as sail boats or motor boats.

Article 223 *quater* states that companies liable for corporate income tax must show these expenses in their financial statements and submit them every year for the approval by the Ordinary General Meeting.

3.5.5. Off-balance sheet commitments

3.5.5.1. Commitments given

Off-balance sheet commitments given (€K)	Deadline	31/12/2019	31/12/2018
Commitments related to consolidated companies		0.8	0.8
Commitments given for specific transactions ⁽¹⁾	2020	0.8	0.8
Commitments related to operating activities (A+B+C)		310.9	64.4
A- Commitments given related to business development		125.9	51.3
Work commitments outstanding on assets under development ⁽²⁾		28.0	51.3
Guarantees given in connection with development projects		97.9	0.0
B- Commitments related to the implementation of operating contracts		68.1	13.1
Other contractual commitments given related to the "rental income owed" activity	2050	14.4	12.2
Work commitments outstanding on investment properties ⁽³⁾		33.8	0.9
Works commitments outstanding on assets in inventory ⁽⁴⁾		19.9	0.0
C- Commitments related to asset disposals		116.9	0.0
Preliminary sale agreements given		116.9	0.0

(1) In connection with the transfer of the logistics assets, Covivio (in place of Foncière Europe Logistique) granted liability guarantees amounting to €0.8 million which will mature in 2020.

(2) Commitments relating to work on assets under development:

(€M)	Cost of works budgets signed*	Amounts of works recognised	Amounts of works outstanding	Delivery date
Meudon Ducasse	19.5	11.5	8.0	2020
Milan, via Unione/via Torino	7.4	0.0	7.4	2021
Turin, Corso Ferrucci	31.7	20.4	11.3	2020
Milan, piazza Duca d'Aosta	4.3	3.0	1.3	2020
TOTAL	63.0	34.9	28.0	

(3) Commitments relating to work on investment properties:

(€M)	Cost of works budgets signed*	Amounts of works recognised	Amounts of works outstanding	Delivery date
Commitments to works on lease or lease renewal (France)	1.5	0.2	1.3	
Works on investment properties (Italy)	6.5	3.2	3.3	2020
Milan, via Dante (Flex Office)	12.3	7.3	5.0	2020
Milan, Corso Italia	24.2	0.0	24.2	2022
TOTAL	44.5	10.7	33.8	

(4) Commitments relating to work on inventory properties:

(€M)	Cost of works budgets signed*	Amounts of works recognised	Amounts of works outstanding	Delivery date
Gorizia, XX Settembre	0.2	0.1	0.1	2020
Padua, Zabarella	22.4	2.7	19.8	2021
TOTAL	22.7	2.8	19.9	

- Under its SIIIC status, the Group has specific obligations, as set out in Section 3.2.1.6.71.
- Under the free share plans awarded (see Section 3.2.7.2), Covivio has undertaken to deliver (through acquisition or creation) 454,604 shares to the beneficiaries present at the end of the vesting period.
- As part of the partnership with ACM VIE in the SCIs 9 and 15 rue des Cuirassiers (with the Silex properties), Covivio granted a guaranteed return dated 7 December 2017, which works as follows:
 - 2.80% per year beginning 7 December 2017 and ending at the close of the Silex 2 incentive period, or sixteen (16) months

after delivery, for up to a minimum of fifty-four (54) months from the signing of this guarantee

- this is after deducting any money paid by one of the SCIs to ACM VIE as a dividend (or interim dividend), repayment of premium, or interest during the guaranteed return period
- in the event that subsequent to the end of the term of this guarantee, money is paid by the SCIs to ACM VIE, the partner would have to pay back these amounts to Foncière des Régions within ten (10) working days of their receipt.

3.5.5.1.1. Swaps

As a variable-rate borrower, Covivio is subject to the risk of interest rates rising over time. The exposure to this risk is limited through hedging (swaps, caps and floors).

Covivio's borrowings and debt with credit institutions have been covered by swap agreements.

The table below summarises the major features of these swap contracts:

Start date	End date	Ref.	Bank	Rate type	Notional (€K)	Fair value (€K)
30/09/2011	31/12/2020	Swaps	HSBC	2.88%	100,000	-3,310
28/03/2013	30/04/2020	Swaps	Natixis	1.17%	170,000	867
15/07/2019	13/10/2021	Swaps	HSBC	1.58%	300,000	10,623
28/11/2014	31/05/2023	Swaps	SG	2.97%	125,000	-14,122
10/09/2014	10/09/2021	Swaps	LCL	0.77%	150,000	2,515
31/12/2014	31/12/2024	Swaps	CACIB	3.25%	200,000	-34,956
18/02/2016	14/10/2024	Swaps	CM CIC	0.50%	50,000	1,645
20/05/2016	20/05/2021	Swaps	CACIB	0.53%	200,000	2,080
31/12/2019	31/12/2027	Swaps	LCL	1.39%	70,000	-7,816
21/06/2017	21/06/2024	Swaps	ING	0.76%	75,000	2,842
29/12/2017	31/12/2027	Swaps	CACIB	0.84%	75,000	-5,064
29/12/2017	31/12/2027	Swaps	SG	1.50%	150,000	-18,152
30/06/2018	30/06/2028	Swaps	NATIXIS	0.94%	75,000	-5,762
29/03/2018	31/03/2028	Swaps	CM CIC	1.03%	100,000	-8,347
30/09/2019	30/06/2028	Swaps	CM CIC	0.87%	100,000	-7,090
31/12/2018	30/06/2028	Swaps	ING	0.83%	50,000	-3,366
15/07/2019	16/04/2029	Swaps	ING	0.96%	100,000	-8,145
15/07/2019	16/04/2029	Swaps	CACIB	0.93%	100,000	-7,867
15/07/2019	16/04/2019	Swaps	SG	0.83%	50,000	-3,438
31/12/2018	29/12/2028	Swaps	LCL	1.62%	100,000	-14,052
29/03/2018	29/12/2028	Swaps	NATIXIS	1.68%	130,000	-18,950
15/01/2020	15/01/2025	Swaps	SG	0.77%	400,000	19,363
15/01/2020	15/01/2026	Swaps	SG	0.21%	650,000	12,817
15/01/2020	15/01/2030	Swaps	SG	0.45%	400,000	-12,161
Italian Branch						
29/06/2018	31/12/2026	Swaps	Intesa Sanpaolo S.p.A.	Eur3M	62,500	-3,381
29/06/2018	31/12/2026	Swaps	Unicredit S.p.A.	Eur3M	62,500	-3,381
29/06/2018	30/06/2027	Swaps	Credit Agricole ClB	Eur3M	50,000	-3,183
31/12/2018	31/12/2025	Swaps	Unicredit S.p.A.	Eur3M	50,000	-2,960

3.5.5.1.2. Caps and floors

Covivio's loans and debts with credit institutions are subject to a cap and floor contract.

The table below summarises the major features of these swap contracts:

Start date	End date	Ref.	Bank	Rate type	Notional (€K)	Fair value (€K)
15/01/2019	16/01/2023	A – Cap	HSBC	Eur3M	100,000	38
Italian Branch						
30/06/2020	30/06/2027	Swaption	Intesa Sanpaolo S.p.A.	Eur3M	75,000	4

3.5.5.2. Commitments received

Off-balance sheet commitments received (€M)	Deadline	31/12/2019	31/12/2018
Commitments related to consolidated companies		0.0	0.0
Commitments related to financing		1,315.0	1,487.5
Commitments related to financing not specifically required by IFRS7			
Financial guarantees received (authorised lines of credit not used)		1,315.0	1,487.5
Commitments related to operating activities		281.1	81.1
Assets received in pledge, mortgage or collateral, as well as guarantees received		4.4	28.9
Preliminary sale agreements received = Preliminary sale agreements given		116.9	0.0
Works commitment outstanding (fixed assets) = (2) + (3) of the com		61.9	52.2

3.5.6. Sundry information

3.5.6.1. Average headcount during the year and at the end of the period

2019 – Covivio France		2019 – Covivio Italy		Total 2019	Total 2018
Executives	143	Managers	10	153	143
Supervisors	17	Supervisors	18	35	31
Employees	2	Employees	56	58	36
TOTAL EXCLUDING APPRENTICES	162	TOTAL EXCLUDING APPRENTICES	84	246	210
Apprentices – Professional contracts	14	Apprentices	0	14	8
TOTAL FRANCE	176	TOTAL ITALY	84	260	218

The average headcount for 2019 was 157.16 in France and 61.83 in Italy.

3.5.6.2. Management and Directors' remuneration

3.5.6.2.1. Attendance fees

Directors' fees paid over the year by Covivio amounted to €512,000 *versus* €595,500 in 2018.

3.5.6.2.2. Remuneration of General Management

The members of the General Management and the Chairman of the Covivio Board of Directors received overall remuneration of €3,271 thousand for their roles, excluding the valuation of free shares.

The members of the General Management do not receive any post-retirement benefits, other than payment of the following compensation:

In the event of forced departure as a result of a change in control or strategy, the following Directors will receive compensation, provided that the performance conditions are met:

- Christophe Kullman (Chief Executive Officer): the indemnity will be equal to 24 months' salary (fixed and variable) subject to two conditions:
 1. the first is linked to the NAV
 2. the second is linked to meeting the performance targets of the annual bonus
- Olivier Estève and Dominique Ozanne (Deputy Chief Executives): the indemnity will be equal to 24 months' salary (fixed and variable) subject to two conditions:
 1. the first is linked to the NAV
 2. the second is linked to meeting the performance targets of the annual bonus.

3.5.6.3. Information regarding related-party transactions

All related-party transactions are concluded under normal market conditions or are immaterial.

The term 'related-party transactions' as presented here is defined under Article R. 123-199-1 of the French Commercial Code. It includes, in particular, all entities consolidated by Covivio, irrespective of the chosen method of consolidation. It also includes:

- close associates or family members with joint control, a notable influence or among members of the primary executives of Covivio
- entities controlled, jointly controlled, or over which there is a notable influence, or which are directed by individuals defined in the previous paragraph.

3.5.6.4. Information on items with related companies 2019

The table below includes all related-party transactions for the fiscal year ended 31 December 2019, including transactions with wholly-owned subsidiaries.

(€K)	Amount
Advances and pre-payments on fixed assets	
Investments	4,347,799
Investment-related receivables	
Loans	1,167,380
Trade receivables and related accounts	299
Other receivables	315,611
Other sundry long-term loans and borrowings	
Other sundry short-term loans and borrowings	311,165
Advances and deposits received on orders in progress	717
Trade payables and related accounts	202
Other payables	2
Income from investments	499,638
Other financial income	27,650
Financial expenses	-15,210

3.5.6.5. Free shares

In 2019, a total of 113,138 free shares were awarded by Covivio.

The following fair-value assumptions were made for the free shares:

	2019					
	Corporate officers with performance condition – performance scenario	Corporate officers – with performance condition – internal Covivio target	Employees without performance condition	Employees and Executives without performance conditions – France & Spain	Employees and Executives without performance conditions – Italy	Employees and Executives without performance conditions – Germany
Date awarded	20/02/2019	20/02/2019	20/02/2019	21/11/2019	21/11/2019	21/11/2019
Number of shares awarded	13,750	13,750	14,708	46,685	6,500	17,745
Share price on the date awarded	€87.80	€87.80	€87.80	€101.70	€101.70	€101.70
Acquisition period	3 years	3 years	3 years	3 years	3 years	3 years
Lock-up period						
2019 dividend per share	4.60	4.60	4.60			
2020 dividend per share	4.70	4.70	4.70	4.70	4.70	4.70
2021 dividend per share	4.80	4.80	4.80	4.80	4.80	4.80
2022 dividend per share				4.80	4.80	4.80
Value of free share	€73.62	€73.62	€73.62	€87.28	€87.28	€87.28
Value of the benefit	€48.84	€47.34	€63.12	€70.20	€70.20	€70.20

At 31 December 2019, 454,604 free shares had been granted but were not yet vested.

3.5.6.6. Subsidiaries and equity investments

■ Subsidiaries and investments as at 31 December 2019

(Article L. 233-15 of the French Commercial Code)

Companies or groups of companies	Capital	Reserves and retained earnings before allocation of income	Capital interest (%)	Book value of securities held	
				gross	net
I. Detailed information					
A. Subsidiaries (at least 50% of the capital held by the Company)					
1) Real estate					
a) Rental property					
Foncière Développement Logement	1,357	-28,790	100.00	186,335	43,009
Fédération	16,151	24,912	100.00	27,411	27,411
FDR7	3	5,653	100.00	825	825
SA Technical	102,028	149,519	100.00	358,640	358,640
SCI Le Ponant 1986	15	7,819	100.00	4,162	4,162
SCI Atlantis	2	5,308	100.00	28,429	28,429
SCI Iméfa 127	81,788	1,686	100.00	103,476	103,476
Latécoère	4,714	-19,827	50.10	30,851	30,851
SCI du 32 avenue P. Grenier	157	7,901	100.00	20,610	20,610
SCI du 40 rue JJ. Rousseau	24	43	100.00	12	12
SCI du 3 place A Chaussy	15	0	100.00	234	234
SARL BGA Transactions	50	2,949	100.00	3,210	3,210
SCI du 288 rue Duguesclin	319	3,279	100.00	4,498	4,498
SCI du 9 rue des Cuirassiers	85	-2,768	50.10	5,693	5,693
SCI 35/37 rue Louis Guérin	34	-818	100.00	967	967
SCI du 15 rue des Cuirassiers	159	-2,097	50.10	1,072	1,072
SARL du 25-27 Quai Félix Faure (merged on 31/03/19)	0	0	100.00		
SCI du 10B et 11A 13 allée des Tanneurs	32	158	100.00	1,441	1,441
SCI du 8 rue M. Paul	11	473	100.00	285	285
SCI du 1 rue de Châteaudun	17	2,008	100.00	2,048	2,048
SCI du 1630 Avenue de la Croix Rouge	12	538	100.00	83	
SCI du 125 avenue du Brancolar	25	153	100.00	7	7
SCI du 682 cours de la Libération (merged on 30/09/2019)	0	0	100.00		
SARL du 106-110 rue des Troènes	9	15	100.00	9	9
SCI du 2 rue de l'III	14	9	100.00	198	198
SCI du 20 avenue Victor Hugo	12	139	100.00	3	3
SARL du 2 rue Saint-Charles	16	-5,458	100.00	7	7
SNC Palmer Plage	4,811	-2,869	100.00	1,917	1,917
SCI Palmer Montpellier (merged into SNC Palmer Plage)	0	0	100.00		
SCI Dual Center	1,352	1,035	100.00	1,500	1,500
SCI Pompidou	966	4,035	100.00	5,000	5,000
SCI 11 Place de l'Europe	5	8,300	50.09	15,031	15,031
Office CB 21	330,447	-4,072	75.00	247,695	247,695
SCI Lenovilla	8	18,014	50.10	24,286	24,286
SCI Latécoère 2	2	-4,875	50.10	1	1
SCI Meudon Saulnier	1	-6,556	99.90	1	1
SCI Charenton	3,201	16,348	100.00	16,001	16,001
SCI Avenue de la Marne	50	-1,996	100.00	50	50
Omega B	26,928	19,279	100.00	38,983	38,983
Covivio Lux	13	34	100.00	63	62

	Outstanding loans and advances granted by the Company and not reimbursed	Guarantees and sureties given by the Company	Revenues net of tax for the most recent year ended	Profit (loss) for the most recent year ended	Dividends received by the Company over the year	Comments
	30,799		4,877	62,519	139,549	
	17,000		0	1,505	1,227	
	500		1,597	2,235	4,508	
			69,852	43,326	43,500	
			1,400	966		
	28,216		4,769	2,423	3,000	
	1,799		6,416	2,452		
			22,252	4,553		
	12,100		2,787	361	2,205	
	6,400		951	570	707	
	4,400		1,263	649	586	
	30,001		3,167	-33		
	16,466		2,999	1,063		
	73,795		5	1,297		
	17,800		2,743	720		
			3,405	-1,332		
			0	0		
	7,500		803	24	1,999	
	2,700		701	-175	569	
	2,150		1,201	723	767	
	2,105		0	-616	1,229	
	6,400		1,678	1,196	1,256	
			0	0	437	
	2,000		0	-266	133	
	3,100		858	668	791	
	2,850		981	751	753	
			1,150	6,142	4,500	
	62,157		5,482	1,792		
				0		
	2,200		501	347	811	
	5,000		1,153	468	419	
	18,044		11,687	2,783	4,007	
				10,202	10,037	
	24,762		5,145	-5,724	5,010	
	22,474		5,283	1,089		
	31,040		0	-870		
	69,047		9,909	14,553	3,201	
	53,328		0	-38		
	37,759		332	-3,669		
	3,369		0	15		

Companies or groups of companies	Capital	Reserves and retained earnings before allocation of income	Capital interest (%)	Book value of securities held	
				gross	net
SCI Rueil B2	1	9,861	99.90	11	11
SCI Rueil B3 B4	1	-483	99.90		
SNC Wellio	1	-5,553	99.90	1	
SCI Cité Numérique	1	54	99.90	1	1
SCI Danton Numérique	1	-8	99.90	1	1
SCI N2 Batignolles	6	10,171	50.00	10,314	5,070
SAS 6 rue Fructidor	4,795	43,782	50.10	24,787	24,787
SCI Terres neuves	1	0	99.90	1	
SCI de la Louisiane	1	0	99.90	1	
b) Foreign companies					
BS 7	520	30,894	52.43	32,654	26,579
Central SICAF	50,007	644,169	51.00	374,449	353,954
Covivio Développement	120	360,709	52.43	367,146	364,146
RGD Gestioni	10	2,389	52.43	2,704	2,425
Covivio Immobiliare 9	120	120,941	52.43	115,554	115,554
Attività Commerciali Montenero	10	1,352	100.00	1,362	545
Attività Commerciali Beinasco	10	2,268	100.00	2,279	2,003
Attività Commerciali Vigevano	10	2,316	100.00	2,329	1,573
Covivio Attività Immobiliari 1	10	9	100.00	20	13
SAS Covivio Alexanderplatz	30	0	100.00	30	30
Covivio Attività Immobiliari 2	10	10	100.00	20	17
Covivio Attività Immobiliari 3	10	10	100.00	20	17
c) Real estate trader					
SARL GFR Ravinelle	952	739	99.98	1,733	1,693
d) Real estate development					
Lenopromo	1	394	99.90	1	1
Latepromo	1	22	99.90	1	1
Promomurs	1	859	100.00	1	1
SNC le clos de chanteloup	1	-222	99.90	1	
SNC Bordeaux Lac	1	-478	99.90	1	
SNC Sully Chartres	1	-212	99.90	1	
SNC Sucy Parc	1	-42	99.90	1	
SNC Gambetta Le Raincy	1	-110	99.90	1	1
SNC Orly Promo	1	78	99.90	1	1
Silexpromo	1	1,554	99.90	1	1
SCI du 21 rue Jean Goujon	1	3,799	99.90	1	1
SNC Villouvette Saint Germain	1	-11	99.90	1	1
SNC La Marina Fréjus	1	-11	99.90	1	
SNC Normandie Niemen Bobigny	1	-11	99.90	1	
SNC le printemps Sartrouville	1	-10	99.90	1	
SNC Gauguin St-Ouen-l'Aumône	1	-10	99.90	1	
SNC Meudon Bellevue	1	-7	99.90	1	1
SNC Tours Coty	1	-2	99.90	1	
SNC Valence Victor Hugo	1	-2	99.90	1	
SNC Nantes Talensac	1	-2	99.90	1	
SNC Marignane Saint-Pierre	1	-2	99.90	1	
SNC Fructipromo	1	0	99.90	1	1
SNC Jean-Jacques Bosc	1	0	99.90	1	

Outstanding loans and advances granted by the Company and not reimbursed	Guarantees and sureties given by the Company	Revenues net of tax for the most recent year ended	Profit (loss) for the most recent year ended	Dividends received by the Company over the year	Comments
110,378		8,274	-309	1,047	
		3,516	-568		
14,510		12,633	-1,486		
36,102		988	-453		
97,924		0	-186		
49,834		0	-30		
29,751		0	-297		
172		0	-30		
885			-8		
			-4,835		
		88,978	65,835	49,267	
		19,279	27,324		
		1,531	23	650	
		6,979	5,690	4,954	
		1,981	-695		
		3,128	-274		
		2,932	-682		
			-6		
76,700		528	-400		
		0	-3		
		0	-3		
		11	2		
		0	-263	3,696	
		338	117	14,985	
		14,535	5,394		
1,241		0	-478		
12,397		0	-559		
1,208		400	-160		
985		0	-41		
		4,890	131		
		25,300	1,493		
		56,292	13,058	4,995	
142,464		-26	-1,164		
1,775		1,565	63		
93			-1		
942			-4		
44			-25		
164			-1		
4,324		2,614	99		
394		0	-2		
693		0	-3		
636		0	-2		
104		0	-1		
		6,443	2,017		
400			-15		

Companies or groups of companies	Capital	Reserves and retained earnings before allocation of income	Capital interest (%)	Book value of securities held	
				gross	net
SNC André Lavignolle	1	0	99.90	1	
SCCV Chartres avenue de Sully	2	0	99.90	1	
SCCV Bobigny Le 9 ^e Art	2	0	99.90	1	1
SCCV Fontenay-sous-Bois Rabelais	1	0	99.90	1	
2) Parking					
SCI Esplanade Belvédère II	366	2	100.00	451	425
République	3,838	17,765	100.00	50,145	50,145
Gespar	30	2	50.00	56	56
3) Service Activity					
SNC Covivio Property	6,111	943	100.00	12,759	3,728
Covivio Développement	200	-2,841	100.00	1,852	0
Covivio Hotels Gestion	37	4	100.00	37	37
Foncière Margaux	40	-11	100.00	34	20
FDR2	927	-9,828	100.00	927	927
Euromarseille 1	8,501	5,808	50.00	8,587	8,587
Euromarseille 2	3,501	832	50.00	3,564	3,564
Covivio Sgp	592	939	100.00	1,395	1,395
Télimob Paris SARL	552	41,867	100.00	57,670	57,670
Covivio Participations	1	-31	100.00	1	1
FDR Proptech	3	-94	100.00	3	
Covivio Holding GmbH	25	925,799	100.00	1,021,043	1,021,043
Covivio Office GmbH	25	0	100.00	25	

B. Investment (10% to 50% of capital held by the Company)

1) Real estate

a) Rental property

Cœur d'Orly Promotion	37	0	50.00	19	19
Covivio Hotel SCA	484,147	1,457,627	43.22	1,121,378	1,121,378
SCI Factor E	10	485	34.69	486	486
SCI Orianz	10	-167	34.69	885	885

b) Foreign companies

Real Estate Solution & Technology	10	113	30.00	3	3

II. General information on other holdings

B. Investments not included in Section 1

(Comédie/Oséo/Finantex/MRDIC/FNAIM)	152	3,104	0.10	5	5

b) In foreign companies

III. General information on holdings

A. Subsidiaries I+II

a) French subsidiaries (total)	605,321	318,975		1,305,392	1,145,753
b) Foreign subsidiaries (total)	50,917	2,090,866		1,919,634	1,887,900

B. Investments I+II

a) In French companies	484,356	1,461,049		1,122,773	1,122,773
b) In foreign companies	10	113		3	3

* Information not available on closing date.

Outstanding loans and advances granted by the Company and not reimbursed	Guarantees and sureties given by the Company	Revenues net of tax for the most recent year ended	Profit (loss) for the most recent year ended	Dividends received by the Company over the year	Comments
107			-7		
715			-17		
			-1		
			-1		
		51	24	22	
495		17,089	3,513		
		51	36	17	
		8,941	-3,326		
1,610		10,058	-214		
		1,188	639	394	
		0	-9		
40,970		0	-486		
6,453		0	-71	2,750	
22,143		0	-24	1,250	
		1,101	314		
		0	14,239	27,000	
127		0	-29		
98		0	-111		
66,450		0	52,489	80,000	
			-419		
		290	294		
		76,038	78,777	77,410	
6,128		740	-954		
11,076		4,335	-701		
		0	14		
		1,182	630		
1,177,399		351,599	183,426	287,357	
143,150		125,336	144,044	134,871	
17,204		82,585	78,046	77,410	
0		0	14	0	



3.5.6.7. Research and development activities

Covivio did not conduct any research and development during the past fiscal year.

3.5.6.8. Subsequent events

During the month of February 2020, Covivio launched a friendly takeover bid for the shares of the Group Godewind Immobilien, listed in Germany.

Godewind Immobilien owns a portfolio of 10 office assets in Germany for a value of approximately €1.2 billion. This 35%-secured acquisition will launch the offices business in Germany.

3.5.6.9. Company earnings over the past 5 fiscal years

(€)	31/12/2015	31/12/2016	31/12/2017	31/12/2018	31/12/2019
I – Capital at year-end					
a. Share capital	199,889,196	206,273,556	224,489,892	248,708,694	261,659,718
b. Number of ordinary shares outstanding	66,629,732	68,757,852	74,829,964	82,902,898	87,219,906
c. Number of priority dividend shares (without voting rights) outstanding	0	0	0	0	0
d. Maximum number of future shares to be created	0	0	0	0	0
d1. Through conversion of bonds	0	0	0	0	0
d2. Through exercise of subscription rights	371,557	438,544	473,300	506,087	454,604
II – Operations and net income for the financial year					
a. Revenues net of tax	67,946,138	73,203,471	84,416,438	86,111,995	192,704,669
b. Income before tax, employee profit sharing, depreciation and provisions	307,764,301	210,672,329	423,283,200	342,870,301	549,701,041
c. Corporate income tax	315,121	123,615	1,359,463	2,107,264	2,405,898
d. Employee profit-sharing due for the financial year			537,616	499,992	308,864
e. Income after tax, employee profit-sharing, depreciation and provisions	205,606,731	248,815,409	443,008,272	348,466,525	293,940,535
f. Distributed income	286,507,848	302,534,549	336,734,838	381,353,331	418,655,549
III – Net income per share					
a. Income after tax and employee profit sharing, but before depreciation and provisions	4.61	3.06	5.64	4.11	6.27
b. Income after tax, employee profit-sharing, depreciation and provisions	3.09	3.62	5.92	4.20	3.37
c. Dividend per share	4.30	4.40	4.50	4.60	4.80
IV – Personnel					
a. Average salaried headcount over the financial year	152	149	151	155	157
b. Total payroll for the financial year	15,515,470	16,272,553	14,258,503	15,845,146	21,528,733
c. Amount paid in employee benefits for the financial year (social security, benefits, etc.)	6,495,142	6,619,556	6,391,613	7,674,213	10,056,013

3.5.6.10. Payment deadlines for suppliers and customers in euros

Article D.441 I.- 1°: Invoices received and not paid on the closing date whose term is due						
(€K)	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	Over 91 days	Over 1 day ⁽¹⁾
(A) Late payment tranches						
Number of invoices concerned	239					302
Total amount of invoices concerned including tax	4,715,817.12	516,989.39	219,150.39	170,688.85	299,542.17	1,206,370.80
Percentage of the total amount of purchases including tax during the financial year	2.71%	0.30%	0.13%	0.10%	0.17%	0.69%
Percentage of revenues including tax during the financial year						
(B) Invoices excluded from (A) relating to debts and disputed receivables or not recognised in the books						
Number of invoices excluded						N/A
Total number of invoices excluded						N/A
(C) Reference payment terms used (contractual or legal – Article L. 441-6 or L. 43-1 of the French Commercial Code)						
Payment terms used to calculate late payments					Contractual terms: Legal terms: 60 days	

(1) Including 78 supplier invoices of an amount of €802,350.41 from the Italian Branch.

(2) Including 885 customer invoices of an amount of €15,517,867.81 from the Italian Branch.

Article D.441 I.- 2°: Invoices issued and not paid on the closing date whose term is due

0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	Over 91 days	Over 1 day ⁽²⁾
40					1,070
9,179,298.00	569,827.63	1,025,914.19	2,036,024.00	14,624,379.51	18,256,145.33
4.23%	0.26%	0.47%	0.94%	6.74%	8.42%
					N/A
					0.00
Contractual terms:					
Legal terms:					
Comments: no invoicing of late interest					

3.6. STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Financial year ending 31 December 2019

To the shareholders of Covivio,

Opinion

In compliance with the engagement conferred on us by your General Meetings, we have performed an audit of the accompanying annual financial statements of Covivio for the financial year ended 31 December 2019.

In our opinion, the accompanying annual financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2019, and of the results of its operations for the year then ended, in accordance with French accounting standards.

The audit opinion thus formulated is consistent with the content of our report to the Company's Audit Committee.

Basis for the audit opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities by virtue of those professional standards are set out in the latter part of the present report under the heading "Responsibilities of the Statutory Auditors for the audit of the annual financial statements".

Independence

We performed our audit engagement in compliance with the independence requirements applicable to us during the period from 1 January 2019 to the date of issue of our report; in particular, we performed no services prohibited under article 5, paragraph 1 of EU regulation n° 537/2014 or by virtue of France's *Code de déontologie de la profession de commissaire aux comptes*.

Justification of our assessments – Key audit matters

In accordance with the requirements of articles L. 823-9 and R. 823-7 of the French code of commercial law relating to the justification of our assessments, we bring to your attention the following key audit matters relating to the risks of material misstatement which, in our professional view, have presented the greatest significance for the audit of the accompanying annual financial statements, as well as the manner in which we have responded to those risks.

These assessments were made as part of our audit of the annual financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report. We do not express any opinion on isolated elements of the annual financial statements.

Valuation of equity investments and any associated impairment allowances or provisions

Risk identified	Our response
At 31 December 2019, the Company's equity investments were included in its statement of financial position at a carrying amount of €4,159 million or 45% of the Company's total assets. As stated in note 3.5.2.3, "Non-current financial assets", they are measured at cost or at the applicable contribution value less any impairment allowance required to reduce them to their value in use. In the case of investments held for the long term, value in use is assessed on the basis of the investee's net assets plus any unrecognised capital gains associated with the investee's non-current assets. For the listed subsidiary, use is made of their published triple net asset values. As stated in note 3.5.2.6, provisions may also be recognised in the amount of any negative revalued equity associated with subsidiaries for which any associated assets have already been treated as impaired. Given the weight of the Company's equity investments and the sensitivity of their valuation to the applicable assumptions in particular as regards the estimation of the applicable unrecognised capital gains, we considered their valuation and that of any applicable provisions as a key audit matter.	We obtained an understanding of the process of determination of the value in use of equity investments. Our procedures also involved: • obtaining an understanding of the applicable valuation methods and of the underlying assumptions for the determination of value in use • comparing the net asset values retained by management for valuation purposes with the available accounting source data for subsidiaries subject to audit or analytical procedures and examining any adjustments applied • for the listed subsidiary, comparing the values in use retained by management with the corresponding published triple net asset values • testing, on a sample basis, the arithmetical accuracy of the calculations resulting in the final carrying amounts • recalculating, on a sample basis, the impairment allowances calculated by the Company. Our procedures in respect of the applicable unrecognised capital gains also involved: • assessing the competence and independence of the Company's professional property valuers on the basis of the requirements for rotation and bases of remuneration defined by the Company • obtaining an understanding of the Company's written instructions to its professional property valuers describing the nature of the services required and the scope and limitations of the applicable procedures with particular regard to the verification of the information provided by the Company • assessing, on a test basis, the relevancy of the information provided by the Company's finance department to the professional property valuers for the purpose of determining the fair value of the Company's property assets, including rent schedules, other accounting data and capital expenditure budgets • analysing the professional property valuers' valuation assumptions such as, in particular, the applicable yield rates, discount factors, estimated rents and market rental values, by comparison with the available market data • interviewing certain professional property valuers in the presence of the Company's finance department and assessing, by the inclusion of valuation specialists within our audit teams, the consistency and relevancy of the valuation approach applied and of the main associated instances of the exercise of professional judgement. In addition to the assessment of the value in use of the Company's equity investments, our procedures also involved assessing any requirement for the recognition of provisions to cover the amount of any negative revalued equity associated with subsidiaries for which any associated assets have already been treated as impaired.

Valuation of property assets

Risk identified	Our response
At 31 December 2019, the Company's property assets (mainly comprising buildings owned by the Company) were valued at €2,222 million. They are recognised at acquisition cost or contribution value and are amortised on a straight-line basis. As indicated in note 3.5.2.2, "Property, plant and equipment", at each reporting date the Company assesses the existence of any indications of lasting impairment of its assets and, if necessary, recognises impairment allowances for any excess of the existing carrying amounts over the assets' market values (excluding costs) calculated by independent professional property valuers. Property valuation is a complex matter requiring the exercise of significant judgement by the Company's professional property valuers based on the data communicated by the Company. Given the weight of the Company's property assets and the sensitivity of their valuation to the applicable assumptions requiring the exercise of judgement, we considered their valuation as a key audit matter.	We obtained an understanding of the Company's process of valuation of its property assets. Our procedures also involved: • assessing the competence and independence of the Company's professional property valuers on the basis of the requirements for rotation and bases of remuneration defined by the Company • obtaining an understanding of the Company's written instructions to its professional property valuers describing the nature of the services required and the scope and limitations of the applicable procedures with particular regard to the verification of the information provided by the Company • assessing, on a test basis, the relevancy of the information provided by the Company's finance department to the professional property valuers for the purpose of determining the fair value of the Company's property assets, including rent schedules, other accounting data and capital expenditure budgets • analysing the professional property valuers' valuation assumptions such as, in particular, the applicable yield rates, discount factors, estimated rents and market rental values, by comparison with the available market data • interviewing certain professional property valuers in the presence of the Company's finance department and assessing, by the inclusion of valuation specialists within our audit teams, the consistency and relevancy of the valuation approach applied and of the main associated instances of the exercise of professional judgement • verifying, on a sample basis, that impairment allowances are recognised when assets' market values (excluding costs) calculated by independent professional property valuers are lower than the existing carrying amounts and the criteria defined in note 3.5.2.2 are met • recalculating, on a sample basis, the impairment allowances calculated by the Company and the corresponding charges or credits for increases or decreases in the existing allowances.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the other specific verifications required by French laws and regulations.

- **Information given in the management report of the Board of Directors and in the other documents provided to the Shareholders with respect to the financial position and the financial statements**
- We have no matters to report as to the fair presentation and consistency with the annual financial statements of the information given in the management report of the Board of Directors and in the other documents provided to the Shareholders with respect to the financial position and the financial statements.
- In accordance with French law, we report to you that the information relating to payment times referred to in Article D. 441-1 of the French Commercial Code (Code de commerce) is fairly presented and consistent with the financial statements.
- **Corporate governance report**

We confirm the existence, in the Board of Directors' corporate governance report, of the information required by articles L. 225-37-3 and L. 225-37-4 of the French code of commercial law.

As regards the information on the remuneration and other benefits paid to Company officers, and on any guarantees provided on their behalf, required by article L. 225-37-3 of the French code of commercial law, we vouched its agreement with the Company's annual financial statements or underlying data and, if necessary, with the elements gathered by your Company from other companies controlling your Company or under its control. Based on this work, we confirm the accuracy and fair presentation of that information.

As regards the information on matters liable, in the view of your Company, to have an impact in the event of any public offer for the purchase or exchange of the Company's securities and required by application of article L. 225-37-5 of the French code of commercial law, we vouched its agreement with the applicable source documents communicated to us. Based on this work, we have no matters to report in respect of this information.

Other information

As required by law, we verified that the requisite information on purchases of shares and controlling interests and the identity of the Company's shareholders, and their voting rights, have been communicated to you in the management report.

Information reflecting other legal and regulatory requirements

Statutory Audit appointments

We were appointed as Statutory Auditors of Covivio by your Company's General Meeting held on 22 May 2000 in the case of MAZARS and 24 April 2013 in the case of ERNST & YOUNG et Autres.

At 31 December 2019, MAZARS was in its nineteenth year of engagement without interruption and ERNST & YOUNG et Autres in its sixth year.

Groupe PIA that became Conseil Audit & Synthèse (acquired by ERNST & YOUNG Audit in 2010) was the Statutory Auditor from 2007 to 2012.

Responsibilities of the Company's management, and of the persons involved in the Company's corporate governance, in respect of the annual financial statements

The Company's management is responsible for the preparation of annual financial statements presenting a true and fair view in accordance with French accounting standards and for the implementation of the system of internal control it deems necessary for the preparation of annual financial statements free from material misstatement whether resulting from fraud or error.

When preparing the annual financial statements, it is incumbent on the Company's management to assess the Company's capacity to continue to operate as a going concern, make any necessary disclosure in that respect and present the annual financial statements on a going concern basis unless there is an intention to liquidate the Company or cease its business.

It is incumbent on the Company's Audit Committee to oversee the Company's financial reporting process and assess the effectiveness of its systems of internal control and risk management, and of any internal audit function, with regard to the preparation and processing of financial and accounting information.

The annual financial statements have been authorised for issuance by the Company's Board of Directors.

Responsibilities of the Statutory Auditors for the audit of the annual financial statements

Audit purpose and audit approach

We are required to prepare a report on the Company's annual financial statements. Our purpose is to obtain reasonable assurance about whether the annual financial statements, taken as a whole, are free from material misstatement. Reasonable assurance implies a significant level of assurance which nevertheless does not provide any guarantee that an audit performed in accordance with professional auditing standards will systematically enable the detection of any material misstatement. Misstatements may result from fraud or error and are considered to be material whenever it may reasonably be expected that, taken individually or in aggregate, they may influence the economic decisions taken by users of the financial statements on the basis of those financial statements.

As mentioned by article L. 823-10-1 of the French code of commercial law, our statutory audit engagement does not guarantee your Company's viability or the quality of its management.

In the framework of an audit performed in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgement throughout the audit and:

- identifies the risks of material misstatement in the annual financial statements, whether resulting from fraud or from error, defines and deploys audit procedures with regard to those risks and gathers the audit evidence deemed sufficient and appropriate to support the audit opinion. The risk of non-detection of a material misstatement attributable to a fraud is greater than that for a material misstatement attributable to error, since fraud may imply the existence of collusion, falsification, voluntary omission, false statements or bypassing of internal controls
- obtains an understanding of the internal controls relevant to the audit for the purpose of defining appropriate audit procedures but not with the intention of expressing an audit opinion on the effectiveness of the Company's system of internal control

- assesses the appropriateness of the Company's accounting policies, the reasonableness of management's estimates and the adequacy of the related additional disclosures provided in the annual financial statements
- assesses the appropriateness of management's application of the going concern convention as well as, based on the audit evidence collected, the existence of any material uncertainty with regard to events or circumstances liable to compromise the Company's ability to continue to operate as a going concern. The assessment is based on the audit evidence collected up to the date of the audit report and it must be noted in that respect that subsequent circumstances or events may also compromise the Company's ability to continue as a going concern. If the auditor concludes as to the existence of any material uncertainty, the attention of readers of the audit report is drawn to the information provided in that respect in the annual financial statements or, if such information is not provided or is not relevant, the auditor formulates a qualified audit opinion or a disclaimer of opinion
- assesses the overall presentation of the annual financial statements and judges whether the annual financial statements reflect the Company's transactions and underlying events in such a way as to provide a true and fair view.

Report to the Audit Committee

We remit to the Audit Committee a report which presents the scope of the audit procedures, the work programme implemented and the associated conclusions. We also inform the Audit Committee of any internal control weaknesses identified in respect of the procedures governing the preparation and processing of the Company's financial and accounting information.

The elements communicated in the report to the Audit Committee equally include the risks of material misstatement which, in our professional view, have presented the greatest significance for the audit of the accompanying annual financial statements and which as such constitute the key audit matters we are required to describe in the present report.

We also provide the Audit Committee with the statement required by article 6 of EU regulation n° 537-2014 and confirming our independence in accordance with the requirements applicable in France as defined in particular by articles L. 822-10 to L. 822-14 of the French code of commercial law and by our profession's *Code de déontologie de la profession de commissaire aux comptes*. If appropriate, we discuss with the Audit Committee any risks threatening our independence and the corresponding safeguards applied.

Paris-La Défense, 27 February 2020

The Statutory Auditors

MAZARS

Claire Gueydan

ERNST & YOUNG et Autres

Anne Herbein

EXCERPT FROM THE PROFIT AND LOSS ACCOUNT AND BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 2019

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BALANCE SHEET AS AT 31 DECEMBER 2019

■ Assets

(€)	31/12/2019	31/12/2018
A) Subscribed capital unpaid	0	0
SUBSCRIBED CAPITAL UNPAID A)	0	0
B) Fixed assets		
I. Intangible assets		
1) concessions, licences, trademarks and similar rights	1,331,341	758,638
Total I	1,331,341	758,638
II. Tangible assets		
1) land and buildings		
• investment properties	1,556,000,243	1,957,262,100
• properties under development	93,700,362	192,000,000
• operating properties	7,857,966	8,721,389
2) other assets	880,364	1,001,064
3) assets in progress and advance payments	2,761,445	0
Total II	1,661,200,380	2,158,984,553
III. Financial assets		
1) equity investments in:		
a) subsidiaries	888,203,150	826,308,679
b) associated companies	3,000	57,252
c) other companies	5,606,679	5,881,846
Total III - 1)	893,812,829	832,247,777
2) derivative financial instruments	3,851	418,156
Total 2)	3,851	418,156
Total III	893,816,680	832,665,933
TOTAL FIXED ASSETS B)	2,556,348,401	2,992,409,124
C) Current assets		
I. Inventories		
1) land and buildings:	-	-
Properties held for sale	19,504,997	19,854,090
Properties for lease currently being sold	83,147,589	43,000
TOTAL I	102,652,586	19,897,090
II. Receivables:		
1) trade receivables:		
due within 12 months	59,406,609	11,137,545
due beyond 12 months	91,893,515	42,110,150
Total 1)	151,300,124	53,247,695
2) due from subsidiaries:		
due within 12 months	8,544,877	4,819,645
due beyond 12 months	1,020,793	1,048,935
Total 2)	9,565,670	5,868,580
3) due from associated companies:		
due within 12 months	-	95,000
due beyond 12 months	-	-
Total 3)	-	95,000
4) tax credits:		
due within 12 months	4,637,132	5,664,364
due beyond 12 months	403,585	10,628,168
Total 4)	5,040,717	16,292,532

(€)	31/12/2019	31/12/2018
4-bis) deferred tax assets:		
due within 12 months	–	–
due beyond 12 months	47,726,773	50,614,748
Total 4-bis)	47,726,773	50,614,748
4-ter) due from others:		
due within 12 months	6,829,002	1,388,407
due beyond 12 months	5,655,629	6,723,098
Total 4-ter)	12,484,631	8,111,505
Total II	220,192,287	134,198,262
III. Short-term financial		
1) equity investments in subsidiaries	2,118,982	0
2) financial assets for centralised management of treasury	1,607,869	2,657,777
Total III	3,726,851	2,657,777
IV. Cash and cash equivalents		
1) bank and postal deposits	143,264,000	31,626,605
Total IV	143,264,000	31,626,605
TOTAL CURRENT ASSETS C)	469,835,724	188,379,734
D) Accruals and deferrals	964,215	1,088,395
TOTAL ACCRUALS AND DEFERRALS D)	964,215	1,088,395
TOTAL ASSETS (A+B+C+D)	3,027,148 340	3,181,877,253

Liabilities and shareholders' equity

(€)	31/12/2019	31/12/2018
A) Endowment fund (shareholders' equity)		
I. Revaluation reserves	936,329,061	936,329,061
II. Other reserves	1,084,612,811	846,479,842
III. Reserve for hedging expected cash flows	0	-14,284,852
IV. Profit/(loss) for the year	-73,840,509	0
TOTAL ENDOWMENT FUND A)	1,947,101,363	1,768,524,051
B) Provisions for risks and charges		
1) for taxes, including deferred taxes		
a) taxes	306,283	3,393,791
b) deferred tax liabilities	35,028,172	39,838,724
Total 1)	35,334,455	43,232,515
2) derivative financial instruments	20,277,675	11,575,890
Total 2)	20,277,675	11,575,890
3) others	6,182,560	5,409,106
Total 3)	6,182,560	5,409,106
TOTAL PROVISIONS FOR RISKS AND CHARGES B)	61,794,690	60,217,511
C) Employee severance indemnity	98,097	113,877
D) Payables		
1) bonds:		
due within 12 months	9,164,682	9,164,682
due beyond 12 months	718,659,277	717,573,394
Total 1)	727,823,959	726,738,076
2) convertible bonds:		
due within 12 months	734,028	734,028
due beyond 12 months	195,524,423	191,524,146
Total 2)	196,258,451	192,258,174
3) payables to banks:		
due within 12 months	0	3,278,519
due beyond 12 months	0	371,723,951
Total 3)	0	375,002,470
4) advance payments:		
due within 12 months	15,147,000	43,000
due beyond 12 months	0	0
Total 4)	15,147,000	43,000
5) payables to suppliers:		
due within 12 months	32,816,250	27,822,015
due beyond 12 months	0	0
Total 5)	32,816,250	27,822,015

(€)	31/12/2019	31/12/2018
6) payables to subsidiaries:		
due within 12 months	12,151,931	15,483,702
due beyond 12 months	0	0
Total 6)	12,151,931	15,483,702
7) tax payables:		
due within 12 months	20,499,308	1,756,915
due beyond 12 months	0	0
Total 7)	20,499,308	1,756,915
8) payables to pension and social security institutions:		
due within 12 months	210,899	228,801
due beyond 12 months	0	0
Total 8)	210,899	228,801
9) other payables:		
due within 12 months	9,517,413	8,522,880
due beyond 12 months	0	0
Total 9)	9,517,413	8,522,880
TOTAL PAYABLES D)	1,014,425,211	1,347,856,033
E) Accruals and deferrals	3,728,979	5,165,781
TOTAL ACCRUALS AND DEFERRALS E)	3,728,979	5,165,781
TOTAL LIABILITIES (A+B+C+D+E)	3,027,148 340	3,181,877 253

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2019

(€)	2019
A) Value of production	
1) revenues from sales and services:	
a) lease revenues	99,986,133
b) service revenues	3,219,275
c) revenues from the sale of properties purchased for resale	955,000
Total 1)	104,160,408
2) other revenues and income	
b) capital gains from the sale of fixed assets	20,024,464
d) non-recurring gains and write-downs of liabilities	3,561,392
e) revenues and income, from extraordinary operations, of a non-financial nature	8,719,752
Total 2)	32,305,608
TOTAL VALUE OF PRODUCTION A)	136,466,016
B) Costs of production	
3) for raw, ancillary and consumable materials and goods for resale	-2,861,648
4) for services	-28,743,504
5) for leases	-2,753,978
6) for personnel:	
a) wages and salaries	-4,518,714
b) social security charges	-1,324,906
c) employee severance indemnity	-309,318
d) other costs	-7,682
Total 6)	-6,160,620
7) depreciation, amortisation and write-downs:	
a) amortisation of intangible assets	-288,746
b) depreciation of tangible assets	-48,499,523
c) other write-downs of fixed assets	-47,849,060
d) write-down of receivables included among current assets and of cash and cash equivalent	-2,051,606
Total 7)	-98,688,935
8) changes in inventory of raw, ancillary and consumable materials and goods for resale	-349,103
9) provisions for risks	-2,670,577
10) other operating expenses	-45,493,418
TOTAL COSTS OF PRODUCTION B)	-187,721,783

(€)	2019
DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION (A+B)	-51,255,767
C) Financial income and charges	
11) income from equity investments:	
a) in subsidiaries and associated companies	54,873,976
b) in companies subject to the parent companies' control	977
Total 11)	54,874,953
12) other financial income:	
d) other income:	
• from subsidiaries	127,052
• from others	4,003,008
Total 12)	4,130,060
13) interest and other financial expenses:	
• due to parent companies	-11,709,000
• due to subsidiaries	-312,583
• due to banks for mortgage loans	-20,725,150
• due to others	-24,065,487
Total 13)	-56,812,220
TOTAL FINANCIAL INCOME AND CHARGES (11 + 12 + 13) C)	2,192,793
D) Adjustments to financial assets	
14) write-ups:	
a) of equity investments	461,172
b) of financial fixed assets not representing equity investments	19,097
Total 14)	480,269
15) write-downs:	
a) of equity investments	-4,487,719
b) of financial fixed assets not representing equity investments	-159,526
c) of securities included among current assets not representing equity investments	-
d) of derivative financial instruments	-23,400,940
Total 15)	-28,048,185
TOT. ADJUSTMENTS TO FINANCIAL ASSETS (14+15) D)	-27,567,916
Profit (loss) before taxes (A+B+/-C+/-D)	-76,630,890
16) income tax for the year:	
a) current taxes	27,430
b) deferred tax liabilities	4,810,552
c) deferred tax assets	-2,887,975
d) income from tax consolidation	840,374
Total 16)	2,790,381
17) PROFIT (LOSS) FOR THE YEAR	-73,840,509

Extract from the notes to the financial statements

Disclosure on the special regime per Article 1, paragraph 141-bis, law no. 296 of 2006

Covivio S.A. (hereafter, also "Covivio") is a French real estate company, listed on the Paris stock exchange (Euronext) and on the Milan Mercato Telematico Azionario and it is subject, in France, to the regime of "société d'investissements immobilier cotée" ("SIIC Regime"), similar, with regard to civil law and tax regulations, to the regime envisioned in Italy for "società di investimento immobiliare quotata" (listed property investment companies) ("SIQ Regime"), regulated by paragraphs 119 *et seq.* of Article 1 of Italian Law no. 296 of 27 December 2006, supplemented by Ministerial Decree no. 174 of 7 September 2007.

With cross-border merger deed of 22 November 2018 (signed by Notary Mario Notari of Milan, Volume no. 24161, File no. 14398) Covivio took over – with legal effect at 11.59 pm of 31 December 2018 – its own subsidiary Beni Stabili S.p.A. SIQ ("Beni Stabili"), listed real estate management company, fiscally residing in Italy and subject to the aforementioned SIQ Regime (hereafter, the "Merger").

As a consequence of the Merger, Beni Stabili ceased to exist as an independent entity, and Covivio established in Italy a secondary branch which, from the fiscal viewpoint, qualifies as a permanent establishment of Covivio in Italy (hereafter, also, the "Permanent Establishment"), to which have been attributed all balance sheet items previously held by Beni Stabili.

The Permanent Establishment opted for the special taxation regime provided by Article 1, paragraph 141-bis, Law no. 296/2006 (special regime prescribed by SIQ regulations for *branches*), with effect from tax year 2019, continuing the SIQ tax regime already applied to Beni Stabili, without interruption.

This entails that the Permanent Establishment continues to determine two distinct results for the year for tax purposes, in continuity with the SIQ Regime applied by Beni Stabili (end of tax year 2018).

More specifically, the SIQ regime reserved for the Permanent Establishment entails the application (in place of IRES and IRAP) of a substitute tax of 20% on income deriving from the real estate business ("exempt operations"). Income deriving from business other than real estate or, in any event, not included in the scope of the SIQ is subject to ordinary taxation ("taxable operations").

Compliance with requirements for the prevalence of the property leasing business for the purposes of permanence in the special regime

As provided by Article 1, paragraph 121, of Law no. 296/2006, SIQs must prevalently carry out the property leasing activity. The same holds true for branches applying the special regime in accordance with Article 1, paragraph 141-bis, of Law no. 296/2006.

The property leasing activity is deemed to be prevalently carried out if the properties owned by deed or other right in rem to be leased, equity investments in SIQ/SIINQ and in qualified real estate funds (or SICAF) represent at least 80% of assets (*capital parameter*) and if, in each year, the revenues therefrom represent at least 80% of the positive components of the profit and loss account (*income parameter*).

Failure to fulfil one of the two above parameters for three consecutive years shall determine the definitive cessation from the special regime starting from the second of the three years. Failure to fulfil both parameters, with reference to the same year, instead, shall determine the definitive cessation from the special regime starting from the year in relation to which the forfeiture condition is met.

The results of the calculation of the aforesaid parameters are provided below; they are both fulfilled for 2019, based on the data resulting from the Profit and Loss Account and Balance Sheet (hereafter also "Financial Statements") as at 31 December 2019 of the Permanent Establishment of Covivio S.A. in Italy (per paragraph of Article 152 of the TUIR).

Capital parameter

(€K)		31 December 2019
Value of properties intended for lease	(A)	1,735,609
Investments in SIINQ, Sicaf and in qualified real estate funds	(B)	862,512
Total numerator	(C)=(A)+(B)	2,598,121
Total of balance sheet assets	(D)	3,027,148
Elements excluded from the denominator of the relationship:		
Book value of the SIQ's headquarters		(7,858)
Cash available		(143,264)
Loans to Group companies (included receivables from tax consolidation)		(2,446)
Trade receivables (receivables due from customers, Group companies and other trade receivables)		(166,587)
Hedging derivative assets		-
Deferred tax assets		(47,727)
Tax credits (including VAT)		(5,041)
Prepaid expenses		(964)
Total adjustments	(E)	(373,887)
Total denominator: "rectified" balance sheet asset	(F)=(D)+(E)	2,653,261
EQUITY PARAMETER	(C)/(F)	97.92%

The capital parameter, as highlighted in the above table, is given by the ratio between:

- the numerator, totalling €2.598.121 thousand, which includes the book value:
 - of the properties held for leasing which amount to €1.735.610 thousand. This amount corresponds to the value of the properties classified in the financial statements: (i) among tangible assets under "land and buildings" (sub-items "investment properties" for €1.556.000 thousand and "properties under development" for €93.700 thousand) and "assets in progress and advance payments" (relating to properties held for leasing for €2.761 thousand); (ii) among current assets, under "inventories" (sub-item "properties for lease currently being sold" for €83.148 thousand)
 - of equity investments in real estate SICAF that are qualified for the purposes of the Special Regime (51% shareholding in Central SICAF S.p.A., totalling €374.449 thousand), in SIINQ (100% shareholding in Covivio Immobiliare 9 S.p.A. SIINQ for €115.554 thousand and 100% shareholding in Covivio Development S.p.A. SIINQ for €367.146 thousand) and in investment Real Estate Funds that are qualified for the purposes of the Special Regime (99 units held in the real estate fund called Securis Real Estate for €5.363 thousand)
- the denominator, totalling €2.653.261 thousand, which includes total assets (€3.027.148 thousand), adjusted to exclude, in accordance with the criteria indicated by Article 6 of Ministerial Decree no. 174/2007: i) the value of the properties intended to house the Permanent Establishment (classified among "tangible assets – operating properties", equal to €7.858 thousand as at 31 December 2019); ii) the value of cash and cash equivalents (€143.264 thousand); iii) the value of loans to Group companies (€2.446 thousand); iv) the value of the trade receivables deriving both from exempt operations and, as clarified by Italian Revenue Agency circular no. 8/E of 2008, from taxable operations (€166.587 thousand). Moreover, to avoid having the ratio affected by additional elements that are not directly related either with exempt operations, or with taxable operations and whose inclusion in the denominator of the ratio could alter the result of the verification of the capital prevalence criterion, the following are excluded: v) the value of deferred tax assets (equal to €47.727 thousand as at 31 December 2019); vi) the value of tax receivables (€5.041 thousand); vii) the prepaid expenses related to the exempt leasing activity (€964 thousand).

Income parameter

(€K)		31 December 2019
Rental and other revenues	(A)	98,949
Capital gains "realised" on property sales in 2019	(B)	20,024
Dividends and capital gains from SIQ/SIINQ, SICAF and qualified real estate funds	(C)	41,471
Total numerator	(D)=(A)+(B)+(C)	160,444
Comprehensive amount of the positive economic components		206,840
Capital gains realised in 2018 but booked during previous years		0
Proceeds recorded in 2018 for total capital loss sales		0
Total positive economic items	(E)	206,840
Elements excluded from the ratio denominator		
Revaluations of property held in the portfolio as at 31 December 2019		-
Dividends paid to distributions of Capital reserves (F1)		(12,750)
Profits for the charging-back of costs (F2)		(8,945)
Release of provisions for doubtful debts and risks and charges (F3)		(2,740)
Reversals of impairment of equity investments (F4)		(480)
Profits for the rectification of costs (F5)		(3,630)
Contingent tax assets (F6)		(267)
Interest on tax credits (F7)		(143)
Deferred tax assets and liabilities, income from tax consolidation (F8)		(11,328)
Total adjustments	(F)	(40,283)
Total denominator	(G)=(E)+(F)	166,557
INCOME PARAMETER	(D)/(G)	96.33%

The income parameter, as highlighted in the above table, is given by the ratio between:

- the numerator, totalling €160.444 thousand, which includes revenues from: (i) lease fees of properties held for leasing (investment properties, properties under development and properties for lease currently being sold) totalling €98.949 thousand. The aforesaid amount includes revenues similar to lease fees, such as indemnities from tenants (but does not include the income from costs recharged to tenants); (ii) gross capital gains realised during the year on the sales of properties held for leasing, for €20.024 thousand; (iii) dividends and capital gains from equity investments in SIQ/SIINQ, SICAF and from real estate funds that are qualified for the purposes of the Special Regime, which amount to €41.471 thousand for 2019
- the denominator, totalling €166.556 thousand. This amount corresponds to the total amount of the positive components of the profit and loss account (€206.840 thousand), adjusted to avoid having the ratio affected by additional elements that are not directly related either with exempt operations, or with taxable operations and whose inclusion in the denominator of

the ratio could alter the result of the verification of the income prevalence criterion. Therefore, the following were excluded: (i) dividends from equity investments, recognised as income in accordance with the reference accounting standards, but corresponding to distributions of capital reserves (for 2019 equal to €12.750 thousand and corresponding to distributions from Central Sicaf S.p.A.); (ii) the income that represents charge-backs of costs such as, prevalently, those relating to personnel secondments, to the charge back of costs to tenants of properties held for leasing and charge-backs to subsidiaries (€8.945 thousand); (iii) releases of provisions and other write-backs totalling €3.220 thousand; (iv) income corresponding to cost adjustments (€3.630 thousand) and other non-recurring income (€267 thousand); (v) income for deferred taxes, income from tax consolidation and interest on tax receivables (€11.472 thousand).

Division of income components between exempt operations and taxable operations and related allocation criteria

The profit and loss account for the year ended 31 December 2019, divided between exempt operations and taxable operations (data in thousands of euros), is shown here below.

	31 December 2019		
	Total (A)	Exempt operations (B)	Taxable operations (A)-(B)
A) Value of production			
1) Income from sales and services	104,155	98,619	5,536
5) Other revenues and income	32,311	29,875	2,436
Total value of production A)	136,466	128,494	7,972
B) Production costs			
6) For raw, ancillary and consumable materials and goods for sale	(2,862)	-	(2,862)
7) For services	(28,743)	(27,102)	(1,641)
8) For use of assets owned by others	(2,754)	(484)	(2,270)
9) For payroll and related:	(6,161)	(5,935)	(226)
10) Amortisation, depreciation and impairment:	(98,689)	(98,131)	(558)
11) Changes in inventories of raw, ancillary and consumable materials and goods for resale	(349)	-	(349)
12) Provisions for risks	(2,671)	(2,671)	-
14) Sundry operating expenses	(45,493)	(45,115)	(378)
Total production costs B)	(187,722)	(179,438)	(8,284)
Difference between value and costs of production (A+B)	(51,256)	(50,944)	(312)
C) Financial income and expense			
15) Income from investments	54,875	54,221	654
16) Other financial income	4,130	3,630	500
17) Interest and other financial expense	(56,812)	(52,820)	(3,992)
Total financial income and expense (15+16+17+17bis) C)	2,193	5,031	(2,838)
D) Value adjustments of financial assets			
18) Write-backs	480	370	110
19) Write-downs	(28,048)	(21,374)	(6,674)
Tot. Value adjustments of financial assets (18+19) D)	(27,568)	(21,004)	(6,564)
Pre-tax result (A + B + - C + - D)	(76,631)	(66,917)	(9,714)
20) Period income tax	2,790	1,923	867
21) PERIOD PROFIT (LOSS)	(73,841)	(64,994)	(8,847)

The results reported in the above table with respect to the two types of operations derive from the separation of the income components of the year 2019, as they result from the separate accounting adopted by the Permanent Establishment (for these components). The purpose of separate accounting is to identify the operating results of exempt operations and of taxable operations through: i) the attribution to each of the two types of operations of the income components specifically ascribable to them; ii) the pro-rata attribution to each of the two types of operations, of "common" income components (which are common because they cannot be specifically referred to any of the two types of operations).

In particular, it is pointed out that the division of "common" components, between exempt operations and taxable operations, took place assuming as a reference the income parameter described above, because it is deemed to be the best suited percent parameter for the aforesaid division, since – after deduction of the income components that cannot be referred to any activity carried out – it actually expresses the percentage ratio of the leasing activity, relative to the entire set of activities carried out.

For the different income components resulting from the above table, the main criteria applied for their attribution to one or to the other set of operations are illustrated below.

Value of production

1) Revenues from sales and services

(1.1) *rental income*: they are divided between exempt operations and taxable operations according to the property from which they originate. In particular, they are allocated (a) to exempt operations if referred to properties held for leasing (investment properties, properties under development and properties for lease currently being sold); (b) to taxable operations if referred to the lease of properties purchased for resale or if they derive from agreements for the sub-lease of properties (which the Permanent Establishment leases and does not own)

(1.2) *revenues for services*: they include revenues specifically referred to real estate and administrative, accounting and tax services performed by the Permanent Establishment in favour of subsidiaries and/or of third parties. Since this activity is different from the lease activity included among exempt operations, revenues for services are fully allocated to taxable operations

(1.3) *revenues for the sale of properties purchased for resale*: they are attributed to taxable operations.

2) Other revenues and income

Revenues for charge-backs of costs to tenants, for insurance indemnities and for revenues "similar" to lease fees and otherwise connected to the leasing activity, follow the same rule prescribed for lease fees and, hence, they are allocated to exempt operations if referred to properties for lease, while they are allocated to taxable operations if referred to the lease of properties purchased for resale.

The capital gains deriving from the sale of properties for lease are allocated to exempt operations, while the capital gains deriving from the sale of other fixed assets are, instead, attributed to taxable operations.

Any other revenues classified under this item are attributed to taxable operations, with the exception of adjustments to impairments of receivables, discussed below, and of non-recurring income and adjustments of costs reported in previous years, which are allocated to the two sets of operations based on the original allocation of the adjusted cost.

Costs of production

Costs for the management and maintenance of the properties, indirect taxes on lease agreements, the municipal property tax and all costs or allocations to provisions for risks and charges, otherwise directly connected to the real estate business, regardless of the Profit and Loss Account item in which they are classified and consistently with the revenue allocation criterion, are allocated (a) to exempt operations if referred to properties for lease, (b) to taxable operations if referred to the lease of properties purchased for resale or to the sub-lease of properties.

The other costs for services, costs for raw, ancillary and consumable materials and goods for resale, lease costs, personnel costs, other allocations to provisions for risks and the other operating expenses are prevalently "common" costs of the two sets of operations and, as such, they are divided between them according to the income parameter as calculated above (the adjustments to these costs made in years following their recognition in the financial statements are treated the same way).

The following exceptions are applied: (i) lease costs, consisting of lease fees for properties sub-leased by the Permanent Establishment, which are attributed to taxable operations; and (ii) among other operating expenses, the capital losses deriving from the sale of properties for lease, which are allocated to exempt operations. Another exception is the costs for purchases or improvements of properties purchased for resale, classified under "costs for raw, ancillary and consumable materials and goods for resale" and the corresponding revenues (or changes in value of properties purchased for resale) classified under "change in inventory of raw, ancillary and consumable materials and goods for resale", which are attributed to taxable operations.

Depreciation, amortisation and write-downs of fixed assets are allocated to exempt operations if referred to properties for lease. Other depreciation, amortisation and write-downs of tangible and intangible assets are considered "common" costs to the two sets of operations and are allocated between them on the basis of the income parameter.

Write-downs (subsequent adjustments) and losses on lease receivables and for sales of properties are allocated to exempt operations if referred to properties held for leasing, to taxable operations if referred to the lease of properties purchased for resale or if deriving from agreements for the sub-lease of properties. Write-downs (subsequent adjustments) and losses on other receivables are considered "common" costs to the two sets of operations and are allocated between them on the basis of the income parameter.

Financial income and expenses

The income from equity investments and the other financial income are entirely allocated to taxable operations, with the exception: (i) of what is indicated below for financial income deriving from hedges of the risk of fluctuation of the interest rates of loans (which express components adjusting financial expenses); (ii) of the income relating to equity investments in SIIQ/SIINQ, Sicaf and other qualified real estate funds, which by express regulatory provision are include in exempt operations.

With reference to the main types of *financial expenses*, the following is pointed out:

- financial expenses relating to mortgage loans that are also structured in such a way as to restrict, in various ways, the returns deriving from the management of the properties guaranteeing repayment of the debt are considered "specifically" referred to exempt and/or taxable operations according to whether the property serving as collateral for the mortgage is referred to one or the other set of operations. Consequently, for loans that (i) have as collateral held for leasing and that (ii) are concurrently accompanied by structures that restrict the related returns of operations to guarantee repayment of the debt, the related financial expenses were allocated to exempt operations, whereas if the loans are secured by properties purchased for resale the related financial expenses were allocated to taxable operations.

In cases in which the loans from which the aforesaid financial expenses originate are the subjects of hedges of the risk of interest rate fluctuations, the related hedging income and expenses are allocated in exempt or taxable operations depending on the attribution of the hedged cash flows

- financial expenses relating to short-term payables and to medium/long term loans not tied to mortgages or assisted by the aforementioned characteristics of subordination of the flows (such as convertible bonds and short-term credit facilities), also deriving from loans from subsidiaries, are considered "common" costs to the two sets of operations and consequently they were allocated between them on the basis of the income parameter as calculated above.

Write-downs of financial assets

Write-downs of equity investments and other securities (e.g. units of UCITS) and any *subsequent write-backs* are allocated to exempt operations if they relate to equity investments in SIQ/SIINQ, Sicaf and other qualified property funds. Otherwise, they are attributed to taxable operations.

Write-downs (any subsequent adjustments) *and losses on financial receivables* are attributed to taxable operations.

Income and expenses recognised for changes in the fair value of derivative financial instruments which are not used in cash flow hedges, including conversion options connected with convertible bonds (recognised among assets/liabilities for derivative instruments in accordance with the reference accounting standards) are attributed to taxable operations.

Taxes pertaining to the year

Tax income and expenses, current and deferred, are attributed to exempt operations or to taxable operations according to whether the taxable amounts from which they originate (will originate) can be referred to one or to the other set of operations.

Regarding the income and expenses that constitute adjustments of income components recognised in financial statements of years preceding entry in the special regime or non-recurring income and expenses representing costs and expenses that would have been accrued in years preceding entry in the special regime (in continuity with Beni Stabili S.p.A. SIQ), these components – regardless of their classifications within the margins or the other items identified above – are fully attributed to taxable operations because they are closely correlated (adjusting them) to components accrued in years in which their entire income was taxable.

Endowment fund (shareholders' equity)

The endowment fund, totalling €1,947,101 thousand, can be divided as follows:

(€K)	31/12/2019	31/12/2018	Changes
III. Revaluation reserves			
• Reserve pursuant to Law 266/05	911,943	911,943	-
• Reserve pursuant to Law 72/83	191	191	-
• Reserve pursuant to Law 413/91	53	53	-
• Reserve pursuant to Law 2/2009	24,130	24,130	-
• Reserve pursuant to Art. 89 of Presidential Decree 917/86	12	12	-
VI. Other reserves	1,084,613	846,480	238,133
VII. Reserve for hedging forecast cash flows	-	(14,285)	14,285
IX. Period profit/(loss)	(73,841)	-	(73,841)
TOTAL ENDOWMENT FUND	1,947,101	1,768,524	178,577

The change in the endowment fund during the year, i.e. €178.577 thousand, is due: i) to contributions made by the "parent company" in favour of the Permanent Establishment, amounting to €238.133 thousand; ii) to the zeroing of the reserve for hedging expected cash flows (Cash Flow Hedge reserve), for €14.285 thousand, which was entirely reversed to the profit and loss account in the year due to the interruption of the hedges as a result of the early repayment of the underlying loans; (iii) to the loss of the year ended on 31 December 2019, amounting to €73,841 thousand.

It is noted that the following reserves, totalling €936.329 thousand, are untaxed: i) revaluation reserve under Law no. 266/05, for €911.943 thousand; ii) revaluation reserve under Law 78/83, for €191 thousand; iii) revaluation reserve under Law 413/91, for 53 thousand; iv) revaluation reserve under Law 2/2009, for €24.130 thousand; v) reserve for contributions pursuant to Art. 55 (now 89) of Italian Presidential Decree no. 917/86, for €12 thousand.

Detail tables of some balance sheet and profit and loss account items

Some detail tables of balance sheet and profit and loss account items are provided below:

The tables that follow are only the ones considered useful for a better understanding of the data provided in the schemes for the calculation of the key parameters (balance sheet and profit and loss account) of the property lease business, provided previously. When deemed appropriate, to make them more easily readable, a cross reference was included with the schemes for the calculation of the aforesaid parameters.

These detail tables are extracted from the accompanying notes to the Profit and Loss Account and Balance Sheet as at 31 December 2019.

All data presented below are expressed in thousands of euros.

Balance sheet data

Fixed assets

Tangible assets

Land and buildings

(€K)	Balance as at 31/12/2018			Purchases	Capex	Amortisation/ depreciation	Write-downs
	Historical cost	Provision for amortisation/ depreciation	Total				
Land	768,189	0	768,189	3,920	0	0	(5,815)
Property structure	512,786	0	512,786	4,116	658	(6,582)	(8,817)
Internal finishes	125,762	0	125,762	914	692	(14,236)	(1,653)
External finishes and roofing	279,342	0	279,342	2,103	318	(9,730)	(4,350)
Plants	270,613	0	270,613	2,012	1,702	(17,742)	(4,265)
Quid plus for commercial licences	570	0	570	0	0	0	0
Investment properties	1,957,262	0	1,957,262	13,065	3,370	(48,290)	(24,900)
Land	75,571	0	75,571	0	2,169	0	0
Buildings under development	116,429	0	116,429	0	14,290	0	0
Properties under development	192,000	0	192,000	0	16,459	0	0
Land	6,365	0	6,365	0	0	0	0
Property structure	990	0	990	0	0	(12)	0
Internal finishes	259	0	259	0	0	(26)	0
External finishes and roofing	565	0	565	0	0	(18)	0
Plants	542	0	542	0	0	(29)	0
Operating properties	8,721	0	8,721	0	0	(85)	0
TOTAL LAND AND BUILDINGS	2,157,983	0	2,157,983	13,065	19,829	(48,375)	(24,900)

Sales		Reclassifications		Balance as at 31/12/2019			
Historical cost	Provision for amortisation/ depreciation	Historical cost	Provision for amortisation/ depreciation	Historical cost	Provision for amortisation/ depreciation	Provision for impairment	Total
(140,761)	0	2,741	0	634,089	0	(5,815)	628,274
(91,233)	710	(948)	472	425,379	(5,400)	(8,817)	411,162
(22,694)	1,295	3,730	528	108,404	(12,413)	(1,653)	94,338
(52,184)	1,115	(390)	710	229,189	(7,905)	(4,350)	216,934
(51,313)	1,758	1,595	932	224,609	(15,052)	(4,265)	205,292
(570)	0	0	0	0	0	0	0
(358,755)	4,878	6,728	2,642	1,621,670	(40,770)	(24,900)	1,556,000
0	0	(28,638)	0	49,102	0	0	49,102
0	0	(86,121)	0	44,598	0	0	44,598
0	0	(114,759)	0	93,700	0	0	93,700
0	0	(568)	0	5,797	0	0	5,797
0	0	(88)	0	902	(12)	0	890
0	0	(23)	0	236	(26)	0	210
0	0	(51)	0	514	(18)	0	496
0	0	(48)	0	494	(29)	0	465
0	0	(778)	0	7,943	(85)	0	7,858
(358,755)	4,878	(108,809)	2,642	1,723,313	(40,855)	(24,900)	1,657,558

Other assets

(€K)	Balance as at 31/12/2018					Sales		Elimination			Balance as at 31/12/2019		
	Historical cost	Provision for amortisation/depreciation	Total	Increases	Amortisation/depreciation	Historical cost	Provision for amortisation/depreciation	Historical cost	Provision for amortisation/depreciation		Historical cost	Provision for amortisation/depreciation	Total
Office furniture and equipment	1,174	(399)	775	0	(61)	0	0	(19)	19		1,155	(441)	714
Electronic equipment	196	(106)	90	21	(39)	0	0	(7)	7		210	(138)	72
Vehicles	98	(81)	17	0	0	(98)	81	0	0		0	0	0
Miscellaneous equipment	205	(86)	119	0	(25)	0	0	0	0		205	(111)	94
OTHER ASSETS	1,673	(672)	1,001	21	(125)	(98)	81	(26)	26		1,570	(690)	880

Assets in progress and advance payments

(€K)	Balance as at 31/12/2018		Increases	Decreases	Balance as at 31/12/2019
Land	0	0	0	0	0
Property structure	0	683	(658)		25
Internal finishes	0	1,948	(692)		1,256
External finishes and roofing	0	613	(318)		295
Plants	0	2,887	(1,702)		1,185
<i>Quid plus</i> for commercial licences	0	0	0		0
INVESTMENT PROPERTIES	0	6,131	(3,370)		2,761

Financial assets

Equity investments

(€K)	a) Subsidiaries	b) Associated companies	d-bis) Other companies	Total
Balance as at 31 December 2018	826,309	57	5,882	832,248
Capital increases and other contributions	68,040	-	-	68,040
Purchases	-	-	-	-
Sales	-	(54)	-	(54)
Reimbursement of securities portions	-	-	(134)	(134)
Write-downs	(2,916)	-	(160)	(3,076)
Write-backs	461	-	19	480
Reclassification of short-term financial assets	(3,691)	-	-	(3,691)
BALANCE AS AT 31 DECEMBER 2019	888,203	3	5,607	893,813

a) Subsidiaries

(€K)	% shareholding	Investee company shareholders' equity (IAS)	Book value of investment	% shareholders' equity pertaining to Covivio SA Permanent Establishment in Italy	Delta between the book value of equity investments and corresponding % shareholders' equity
Covivio Immobiliare 9 S.p.A. SIINQ	100%	126,752	115,554	126,752	(11,198)
Covivio Development S.p.A. SIINQ	100%	388,152	367,146	388,152	(21,006)
Covivio 7 S.p.A.	100%	26,579	26,579	26,579	-
RGD Gestioni S.r.l.	100%	2,422	2,425	2,422	3
Attività Commerciali Beinasco S.r.l.	100%	2,003	2,003	2,003	-
Covivio Attività Immobiliari 1 S.r.l.	100%	13	13	13	-
Covivio Attività Immobiliari 2 S.r.l.	100%	17	17	17	-
Covivio Attività Immobiliari 3 S.r.l.	100%	17	17	17	-
Central Sicaf S.p.A.	51%	760,011	374,449	387,606	(13,157)
TOTAL		1,305,966	888,203	933,561	(45,358)

d-bis) Other companies

(€K)	% investment/units	Balance as at 31 December 2018	Write-ups	Write-downs	Reimbursements of equity investments/units	Balance as at 31 December 2019
Other companies						
Nomisma S.p.A.	4.09%	224	19	-	-	243
Le Fornaci Consortium	17.18%	3	-	(3)	-	-
Total other companies		227	19	(3)	-	243
Securities						
Securis Real Estate fund	99	5,655	-	(157)	(135)	5,363
Total securities		5,655	-	(157)	(135)	5,363
TOTAL		5,882	19	(160)	(135)	5,606

Current assets

Inventories

Land and buildings

(€K)	Balance as at 31/12/2018						Sales		Reclassifications	Balance as at 31/12/2019		
	Historical cost	Provision for impairment	Total	Purchases	Capex	Write-downs	Historical cost	Provision for impairment		Historical Cost	Provision for impairment	Total
Land	212	(18)	194	0	0	(54)	0	0	0	212	(72)	140
Building	54,946	(35,286)	19,660	0	2,862	(1,177)	(3,050)	1,070	0	54,758	(35,393)	19,365
Property purchased for sale	55,158	(35,304)	19,854	0	2,862	(1,231)	(3,050)	1,070	0	54,970	(35,465)	19,505
Land	0	0	0	0	0	0	0	0	26,465	26,465	0	26,465
Building	43	0	43	0	(70)	(22,949)	(43)	0	79,702	79,632	(22,949)	56,683
Property leased under disposal	43	0	43	0	(70)	(22,949)	(43)	0	106,167	106,097	(22,949)	83,148
TOTAL LAND AND BUILDINGS	55,201	(35,304)	19,897	0	2,792	(24,180)	(3,093)	1,070	106,167	161,067	(58,414)	102,653

Receivables

Trade receivables

(€K)	31/12/2019	31/12/2018
Trade receivables due within 12 months		
Customers for property sales and investment disposals	35,171	1,607
Receivables from tenants	43,157	30,356
Customers for services provided	0	70
Provision for write-downs of trade receivables	(18,921)	(20,895)
Total trade receivables due within 12 months	59,407	11,138
Trade receivables due beyond 12 months		
Receivables from tenants	13,733	12,110
Customers for property sales and investment disposals	78,160	30,000
Total trade receivables due beyond 12 months	91,893	42,110
TOTAL TRADE RECEIVABLES	151,300	53,248

Due from subsidiaries

(€K)	31/12/2019	31/12/2018
Receivables from subsidiaries due within 12 months		
Trade receivables for the services and leases	7,707	4,329
Receivables arising from the consolidation of the IRES taxable income	838	490
Total receivables from subsidiaries due within 12 months	8,545	4,819
Receivables from subsidiaries due beyond 12 months		
Trade receivables for the services and leases	1,021	1,049
Total receivables from subsidiaries due beyond 12 months	1,021	1,049
TOTAL RECEIVABLES FROM SUBSIDIARIES	9,566	5,868

Due from others

(€K)	31/12/2019	31/12/2018
Other receivables due within 12 months		
Bail and guarantee deposits	109	61
Other receivables	2,188	2,163
Provision for write-down of other receivables	(1,394)	(867)
Total other receivables due within 12 months	903	1,357
Other receivables due beyond 12 months		
Receivables from the Municipality of Rome for expropriations	7,432	8,887
Bail and guarantee deposits	99	75
Provision for write-down of other receivables	(1,875)	(2,239)
Total other receivables due beyond 12 months	5,656	6,723
TOTAL OTHER RECEIVABLES DUE FROM THIRD PARTIES (TRADE OR SIMILAR)	6,559	8,080

Profit and loss account data

Value of production

A1 – Revenues from sales and services	2019 FY	Income parameter	
a) rental income	99,986		
• from properties for leasing	98,619	98,619	(A)
• from property purchased for sale and sub-leased property	1,367		
b) service revenues	3,219		
c) revenues from sales of properties purchased for sale	955		
TOTAL A1	104,161		

A5 – Other revenues and income	2019 FY	Income parameter	
b) capital gains for sale of fixed assets			
• capital gains for sales of properties intended for lease	20,024	20,024	(B)
b) capital gains for sale of other fixed assets	-		
	20,024		
d) contingent assets and liabilities			
• release of provisions for risks and charges	1,370	1,370	(F3)
• release of provision for doubtful debt	1,370	1,370	(F3)
• sundry contingent assets	821		
• of which for collections of other costs and expenses	555	555	(F2)
• of which for other contingent assets and liabilities	266		
• allowances receivable	-		
	3,561		
e) non-financial income and revenues from non-core business			
• penalties/revenues for cessations of lease contracts	330	330	(A)
• collection of accessory expenses from tenants	8,026	8,026	(F2)
• collection of infra-group accessory expenses and charges	53	53	(F2)
• collection of costs for seconded staff and directors' fees reversed to the O.S.	311	311	(F2)
	8,720		
TOTAL A5	32,305		

Financial income and charges

Financial income	2019 FY	Income parameter	
C15 – income from equity investments:			
a) in subsidiaries and associates			
of which dividends	54,874		
from SIQ/SIINQ, SICAF and qualified real estate funds (distributions of profits)	41,471	41,471	(C)
from SICAF and corresponding to the distribution of capital reserves	12,750	12,750	(F1)
from other subsidiaries and associates	653		
b) in parent companies	-		
c) in companies subject to control of parent companies	1		
d) in other companies	-		
TOTAL C15	54,875		
C16 – Other financial income:			
a) from receivables classified as fixed assets	-		
b) from securities held as fixed assets not constituting equity investments	-		
c) from securities posted to current assets that do not constitute equity investments	-		
d) income other than the above:			
• from subsidiaries	127		
• from companies subject to control of the parent companies	-		
• from others	4,003		
of which interest income from banks and others	230		
of which interest income and exchange differences	1		
of which interest on tax credits	143	143	(F7)
of which income for waivers of mortgage loans	3,630	3,630	(F5)
TOTAL C16	4,130		

Write-downs of financial assets

D18 – Write-backs	2019 FY	Income parameter	
a) equity investments	461		
of which equity investments in SIQ/SIINQ and SICAF	370	370	(F4)
of which equity investments in other companies	91	91	(F4)
b) financial fixed assets that do not constitute equity investments	19	19	(F4)
c) securities held as current assets not constituting equity investments	-		
d) derivative financial instruments	-		
TOTAL D18	480		

Taxes

	2019 FY	Income parameter
20 – Period income tax:		
a) current tax		
• contingent assets for current tax	27	27 (F6)
b) deferred tax liabilities		
• releases for deferred tax	4,697	4,697 (F8)
• contingencies for deferred tax	114	114 (F6)
c) prepaid tax		
• provisions for prepaid tax	5,791	5,791 (F8)
• releases of prepaid tax	(8,805)	
• contingent assets for prepaid tax	126	126 (F6)
d) income from tax consolidation	840	840 (F8)
TOTAL 20	2,790	

GENERAL MEETING AND CORPORATE GOVERNANCE

4

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4.1. AGENDA AND TEXT OF DRAFT RESOLUTIONS FOR THE COMBINED GENERAL MEETING OF 22 APRIL 2020

4.1.1. Agenda

4.1.1.1. Ordinary resolutions

- Approval of the Company's financial statements for the year ended 31 December 2019
- Approval of the consolidated financial statements for the year ended 31 December 2019
- Appropriation of income – Distribution of dividends
- Option for the payment of the dividend in shares
- Approval of the Statutory Auditors' special report prepared in accordance with Article R. 225-40 of the French Commercial Code and the agreements referred to in Article R. 225-38 of the French Commercial Code referred to therein
- Approval of the remuneration policy applicable to the Chairman of the Board of Directors
- Approval of the remuneration policy applicable to the Chief Executive Officer
- Approval of the remuneration policy applicable to the Deputy General Managers
- Approval of the remuneration policy applicable to Directors
- Approval of the information referred to under article R. 225-37-3 I. of the French Commercial Code on remuneration of all kinds for corporate officers
- Approval of the fixed, variable and exceptional components of the total remuneration and all benefits in kind paid in the fiscal year ended 31 December 2019, or allocated in respect of the same fiscal year, to Jean Laurent in his capacity as Chairman of the Board of Directors
- Approval of the fixed, variable and exceptional components of the total remuneration and all benefits in kind paid in the fiscal year ended 31 December 2019, or allocated in respect of the same fiscal year, to Christophe Kullmann in his capacity as Chief Executive Officer
- Approval of the fixed, variable and exceptional components of the total remuneration and all benefits in kind paid in the fiscal year ended 31 December 2019, or allocated in respect of the same year, to Olivier Estève in his capacity as Deputy General Manager
- Approval of the fixed, variable and exceptional components of the total remuneration and all benefits in kind paid in the fiscal year ended 31 December 2019, or allocated in respect of the same year, to Dominique Ozanne in his capacity as Deputy General Manager

- Ratification of the co-opting of Alix d'Ocagne as Director
- Reappointment of Christophe Kullmann as Director
- Reappointment of Patricia Savin as Director
- Reappointment of Catherine Soubie as Director
- Authorisation to be granted to the Board of Directors for the Company to purchase its own shares.

4.1.1.2. Extraordinary resolutions

- Modification of Article 7 (*Form of shares and identification of holders*), Article 16 (*Powers of the Board of Directors*), Article 17 (*Remuneration of Directors*) and Article 20 (*Non-voting members*) of the Company's Articles of Association
- Delegation of authority to the Board of Directors to increase the Company's share capital through the incorporation of reserves, profits or premiums
- Authorisation to be granted to the Board of Directors to reduce the Company's share capital by cancelling shares
- Delegation of authority to the Board of Directors to issue shares and/or securities convertible into equity, maintaining the shareholders' preferential subscription rights
- Delegation of authority to the Board of Directors to issue, through public offering, Company shares and/or securities convertible to equity, with waiver of shareholders' preferential subscription rights and a mandatory priority period for share issues
- Delegation of authority to the Board of Directors to issue Company shares and/or securities convertible to equity, with waiver of shareholders' preferential subscription rights in the event of a public offer initiated by the Company
- Delegation of authority to the Board of Directors to issue Company shares and/or securities convertible to equity, as remuneration for contributions in kind granted to the Company and comprising Company shares and securities convertible to equity, with waiver of shareholders' preferential subscription rights
- Delegation of authority to the Board of Directors to proceed with capital increases reserved for employees of the Company or companies within the Covivio Group belonging to a savings plan, with waiver of shareholders' preferential subscription rights
- Powers for formal recording requirements.

4.1.2. Text of the draft resolutions

4.1.2.1. Ordinary resolutions

First resolution

(Approval of the Company's financial statements for the year ended 31 December 2019)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Company's financial statements for the fiscal year ended 31 December 2019 and the reports of the Board of Directors and Statutory Auditors on these annual financial statements, approves in full the report of the Board of Directors and the financial statements for the year ended 31 December 2019, which include the balance sheet, income statement and notes, as presented, showing a profit of €293,940,534.52.

The General Meeting consequently approves the transactions reflected in these financial statements and summarised in these reports.

The General Meeting notes that there were no expenditure and charges covered by Article 39.4 of the French General Tax Code, and observes that there is no corporate income tax payable in this respect.

Second resolution

(Approval of the consolidated financial statements for the year ended 31 December 2019)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the reports of the Board of Directors and Statutory Auditors on the consolidated financial statements, approves the consolidated financial statements for the year ended 31 December 2019, which include the balance sheet, income statement and notes, as presented, as well as the transactions reflected in these financial statements and summarised in these reports.

The General Meeting notes that the consolidated net income of the Group as at 31 December 2019 was €746,987 thousand.

Third resolution

(Appropriation of income – Distribution of dividends)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having noted that the profit of €293,940,534.52 for the year, increased by the retained earnings of €63,955,038.30 for a distributable profit of €357,895,572.82:

- resolves, upon a proposal from the Board of Directors, to appropriate the distributable profit as follows:
 - (i) €39,970.80 to the legal reserve, bringing the amount of the legal reserve to 10% of share capital at year-end, i.e. €26,165,971.80
 - (ii) €357,855,602.02 as a dividend payment to shareholders

- distribute of €61,197,977.18, taken from:

- (i) the "Distributable revaluation reserve" account, i.e. €46,044.74
- (ii) the "Merger premium" account, i.e. €61,151,932.44.

Thus, each share will receive a dividend of €4.80.

The dividend will be distributed on 22 May 2020.

Based on the total number of shares which made up the share capital at 17 February 2020, plus 45,000 new shares issued as part of the final allocation of free shares, carrying entitlement to dividends for the 2019 fiscal year, subject to Article 25.3 of the Articles of Association of the Company to the Shareholders Subject to Withholding, a total dividend of €419,053,579.20 will be paid. This dividend only gives entitlement to the 40% rebate in the event of an annual, express, overall and irrevocable option for the progressive income tax scale pursuant to Article 200 A 2 of the French General Tax Code, and only for the portion of this dividend deducted from earnings subject to corporate income tax. In compliance with Article 158 3° b bis of the French General Tax Code, this rebate does not apply to earnings exempt from corporate income tax under the SIIC plan in application of Article 208 C of the French General Tax Code.

The tax-exempt dividend in application of Article 208 C of the French General Tax Code and not eligible for the 40% rebate totals €353,523,439.00.

The dividend withheld on the profits subject to corporate tax totals €65,530,140.20.

The dividend drawn against the Company's profits exempt from corporate income tax pursuant to Article 208-3 *quater* of the French General Tax Code totals €0.

In the event of changes to the number of shares giving the right to dividends, resulting from the conversion of any convertible bonds into shares, the overall amount of the dividend will be adjusted correspondingly via a withdrawal from the "Merger premium" account. Accordingly, the General Meeting grants all powers to the Board of Directors, with a right of sub-delegation, under the conditions provided for by the legal and regulatory provisions, for the purposes of determining, considering in particular the number of shares held by the Company at the record date prior to the dividend payment date and, where applicable, when considering the number of shares issued or cancelled before this date, the overall amount of the dividend and, consequently, the amount that will be withdrawn from the "Merger premium" account.

The General Meeting resolves that, pursuant to the provisions of Article L. 225-210 of the French Commercial Code, the amount the shareholders may have waived, as well as the amount corresponding to treasury shares on the dividend payment date, which do not grant a right to dividends, will be allocated to the "Retained earnings" account.

In accordance with the law, the General Meeting confirms that the dividends distributed for the previous three fiscal years were as follows:

Fiscal year	Type of dividend	Dividend paid per share	Amount of dividend eligible for the 40% rebate ⁽¹⁾	Amount of dividend not eligible for the 40% rebate
2016	Current	€4.40	€0.5115	€3.8885
2017	Current	€4.50	-	€4.50
2018	Current	€4.60	€0.1479	€4.4521

(1) In case of option for a progressive rate of the revenue tax.

Fourth resolution

(Option for the payment of the dividend in shares)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having noted that the share capital is fully paid-up and having reviewed the Board of Directors' report, and in accordance with the provisions of Articles L. 232-18 to L. 232-20 of the French Commercial Code and Article 25.2 of the Articles of Association, resolves to give each shareholder an option to choose between payment of the dividend in cash or in shares. This option applies to the full amount of the dividend per share.

Accordingly, the General Meeting resolves:

- that the issue price of shares allocated as payment of the dividend is set at 90% of the average of the quoted price at the closure of the previous twenty sessions of the stock market preceding the date of this meeting, less the net amount of dividend per share subject to the 3rd resolution, rounded up to the next closest hundredth of a cent
- that the shareholders who request the payment of the dividend in shares will be able to exercise their option from 29 April 2020 until 18 May 2020 included via the financial intermediaries authorised to pay the dividend. After the expiry of this period, the dividend will be paid in cash and settled on 22 May 2020. Shares issued in payment of the dividend shall bear rights on 1 January 2020 and shall give rights, from the time of their issuance, to all subsequent distributions and
- that if the amount of dividends for which the option is exercised does not correspond to a full number of shares, the shareholders will be able to obtain the full number of shares immediately below, plus the balance in cash.

The General Meeting grants all powers to the Board of Directors to implement this resolution, with a right of sub-delegation, under the conditions provided for by the legal and regulatory provisions, specifically for the purposes of:

- carrying out all the necessary transactions relating or subsequent to the exercise of the option for the payment of the dividend in shares
- recording the number of shares issued and the capital increase resulting from share issues following the exercise of the option for the payment of the dividend in shares offered to the shareholders
- charging the expenses of said capital increase to the amount of the corresponding issue premium, and withdrawing the necessary sums from this amount, corresponding to 10% of the nominal amount of the issue, in order to supplement the legal reserve
- amending the Articles of Association accordingly and
- carrying out all publication formalities and, in general, doing whatever is necessary and useful.

Fifth resolution

(Approval of the Statutory Auditors' special report prepared in accordance with Article L. 225-40 of the French Commercial Code and the regulated agreements referred to in Article L. 225-38 of the French Commercial Code referred to therein)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Statutory Auditors' special report on the regulated agreements and undertakings referred to in Articles L. 225-38 et seq. of the French Commercial Code, approves this report and such regulated agreements entered into or executed during the fiscal year ended 31 December 2019.

Sixth resolution

(Approval of the compensation policy applicable to the Chairman of the Board of Directors)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Board of Directors' report on corporate governance pursuant to Article L. 225-37 of the French Commercial Code describing in particular the items of the compensation policy of the legal representatives, approves pursuant to Article L. 225-37-2 II. of the French Commercial Code, the compensation policy applicable to the Chairman of the Board of Directors presented and detailed in paragraph 4.3.2.1.1. of Company's the universal registration document (*document d'enregistrement universel*).

Seventh resolution

(Approval of the compensation policy applicable to the Chief Executive Officer)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Board of Directors' report on corporate governance pursuant to Article L. 225-37 of the French Commercial Code describing in particular the items of the compensation policy of the legal representatives, approves pursuant to Article L. 225-37-2 II. of the French Commercial Code, the compensation policy applicable to the Chief Executive Officer presented and detailed in paragraph 4.3.2.1.2. of Company's the universal registration document (*document d'enregistrement universel*).

Eighth resolution

(Approval of the compensation policy applicable to the Deputy Executive Officers)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Board of Directors' report on corporate governance prepared in accordance with Article L. 225-37 of the French Commercial Code detailing in particular the items of the compensation policy of the legal representatives, approves, pursuant to Article L. 225-37-2 II. of the French Commercial Code, the compensation policy applicable to the Deputy Executive Officer presented and detailed in paragraph 4.3.2.1.2. of Company's the universal registration document (*document d'enregistrement universel*).

Ninth resolution

(Approval of the compensation policy applicable to the Directors)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Board of Directors' report on corporate governance prepared in accordance with Article L. 225-37 of the French Commercial Code, detailing in particular the items of the compensation policy of the legal representatives, approves, pursuant to Article L. 225-37-2 II. of the French Commercial Code, the compensation policy applicable to the Directors presented and detailed in paragraph 4.3.2.1.3. of Company's the universal registration document (*document d'enregistrement universel*).

Tenth resolution

(Approval of the information referred to in Article L. 225-37-3 I. of the French Commercial Code related to compensation of all legal representatives)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Board of Directors' report on corporate governance prepared in accordance with Article L. 225-37 of the French Commercial Code, approves pursuant to Article L. 225-100 II. of the French Commercial Code the information referred to in Article L. 225-37-3 I. of the French Commercial Code related to compensation of all legal representatives and detailed in paragraph 4.3.2.2. of Company's the universal registration document (*document d'enregistrement universel*).

Eleventh resolution

(Approval of the fixed, variable and exceptional components of the total compensation and all benefits in kind paid during the fiscal year ended 31 December 2019 or allocated in respect of the said fiscal year to Jean Laurent in his capacity as Chairman of the Board of Directors)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report by the Board of Directors on corporate governance drafted pursuant to Article L. 225-37 of the French Commercial Code, approves the fixed, variable and exceptional components of the total compensation and all benefits in kind paid during the fiscal year ended 31 December 2019 or allocated in respect of the said fiscal year to Jean Laurent in his capacity as Chairman of the Board of Directors, as described in said report, and presented in paragraph 4.3.2.3.1. of Company's the universal registration document (*document d'enregistrement universel*), pursuant to Article L. 225-100 III of the French Commercial Code.

Twelfth resolution

(Approval of the fixed, variable and exceptional components of the total compensation and all benefits in kind paid during the fiscal year ended 31 December 2019 or allocated in respect of the said fiscal year to Christophe Kullmann in his capacity as Chief Executive Officer)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report by the Board of Directors on corporate governance drafted pursuant to Article L. 225-37 of the French Commercial Code, approves the fixed, variable and exceptional components of the total compensation and all benefits in kind paid during the fiscal year ended 31 December 2019 or allocated in respect of the said fiscal year to Christophe Kullmann in his capacity as Chief Executive Officer, as described in said report, and presented in paragraph 4.3.2.3.2. of Company's the universal registration document (*document d'enregistrement universel*), pursuant to Article L. 225-100 III of the French Commercial Code.

Thirteenth resolution

(Approval of the fixed, variable and exceptional components of the total compensation and all benefits in kind paid during the fiscal year ended 31 December 2019 or allocated in respect of the said fiscal year to Olivier Estève in his capacity as Deputy Executive Officer)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report by the Board of Directors on corporate governance drafted pursuant to Article L. 225-37 of the French

Commercial Code, approves the fixed, variable and exceptional components of the total compensation and all benefits in kind paid during the fiscal year ended 31 December 2019 or allocated in respect of the said fiscal year to Olivier Estève in his capacity as Deputy Executive Officer, as described in said report, and presented in paragraph 4.3.2.3.3. of Company's the universal registration document (*document d'enregistrement universel*), pursuant to Article L. 225-100 III of the French Commercial Code.

Fourteenth resolution

(Approval of the fixed, variable and exceptional components of the total compensation and all benefits in kind paid during the fiscal year ended 31 December 2019 or allocated in respect of the said fiscal year to Dominique Ozanne in his capacity as Deputy Executive Officer)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report by the Board of Directors on corporate governance drafted pursuant to Article L. 225-37 of the French Commercial Code, approves the fixed, variable and exceptional components of the total compensation and all benefits in kind paid during the fiscal year ended 31 December 2019 or allocated in respect of the said fiscal year to Dominique Ozanne in his capacity as Deputy Executive Officer, as described in said report, and presented in paragraph 4.3.2.3.4 of Company's the universal registration document (*document d'enregistrement universel*), pursuant to Article L. 225-100 III of the French Commercial Code.

Fifteenth resolution

(Ratification of Mrs. Alix d'Ocagne as a Director)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report by the Board of Directors, resolves to ratify the cooptation decided by the Board of Directors on 13 February 2020 of Mrs. Alix d'Ocagne as a Director, in order to replace Mrs. Delphine Benchetrit, for a period expiring at the end of the General Meeting of Shareholders called in 2022 to approve the financial statements for the fiscal year ended 31 December 2021.

Sixteenth resolution

(Reappointment of Christophe Kullmann as a Director)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report by the Board of Directors, and having noted that the term of office of Christophe Kullmann as a Director is due to expire at this General Meeting, resolves, to reappoint, as of this day, Christophe Kullmann as a Director for a period of four (4) years expiring at the end of the General Meeting of Shareholders called in 2024 to approve the financial statements for the fiscal year ended 31 December 2023.

Seventeenth resolution

(Reappointment of Patricia Savin as a Director)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report by the Board of Directors, and having noted that the term of office of Patricia Savin as a Director is due to expire at this General Meeting, resolves to reappoint, as of this day, Patricia Savin as a Director for a period of four (4) years expiring at the end of the General Meeting of Shareholders called in 2023 to approve the financial statements for the fiscal year ended 31 December 2023.

Eighteenth resolution**(Reappointment of Catherine Soubie as a Director)**

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report by the Board of Directors, and having noted that the term of office of Catherine Soubie as a Director is due to expire at this General Meeting, resolves to reappoint, as of this day, Catherine Soubie as a Director of the Company, for a period of four (4) years expiring at the end of the General Meeting of Shareholders called in 2024 to approve the financial statements for the fiscal year ended 31 December 2023.

Nineteenth resolution**(Authorisation to be granted to the Board of Directors for the Company to purchase its own shares)**

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report of the Board of Directors and in accordance with the provisions of Articles L. 225-209 *et seq.* of the French Commercial Code, EC Regulation No. 596/2014 of 16 April 2014 and the market practices allowed by the *Autorité des Marchés Financiers* (French Financial Markets Authority):

- terminates, effective immediately, for the unused portion, the authorisation given by the Combined General Meeting of 17 April 2019
- authorises the Board of Directors, which may further delegate such authority under the conditions provided for by legal and regulatory provisions, to purchase treasury shares or cause them to be purchased, all at once or in several instances at the time of its choosing and
- decides that purchases of Company shares as described in the paragraph above may be for a number of shares such that the number of shares that the Company would purchase during the buyback program does not exceed 10% of the shares making up the share capital of the Company (at any time whatsoever, and this percentage applies to adjusted capital based on the impact of transactions subsequent to this General Meeting). It is stipulated that (i) a maximum of 5% of the shares comprising the Company's share capital may be allocated for holding purposes and subsequent payment or exchange within the framework of a merger, split or contribution, and (ii) in the event of an acquisition within the context of a liquidity agreement, the number of shares taken into account for calculating the 10% limit on the total share capital mentioned above corresponds to the number of shares purchased less the number of shares resold during the term of this authorisation, and (iii) purchases made by the Company may not under any circumstances lead to it owning more than 10% of the share capital of the Company.

The maximum purchase price paid by the Company for its own shares must not exceed one hundred and thirty-five euros (€135) per share (excluding acquisition expenses). In case of capital transactions, specifically through the incorporation of reserves and the allocation of free shares and/or the splitting or consolidation of shares, this price will be adjusted by a multiplier coefficient equal to the ratio between the number of shares comprising the share capital prior to the transaction and the same number after the transaction. Therefore, in the event of a change in the share par value, a capital increase through the incorporation of reserves, the allocation of free shares, the splitting or consolidation of shares, the distribution of reserves or any other assets, the amortisation of capital or any other transaction affecting shareholders' equity, the General Meeting resolves to delegate to the Board of Directors the authority to adjust the aforementioned maximum purchase price in order to take these transactions into consideration in the share value.

The maximum amount of funds reserved for the share buyback programme will be one hundred and fifty million euros (€150,000,000).

Transactions relating to purchases, disposals, exchanges or transfers may be executed by any means, *i.e.* on the market or over the counter, including by acquisition or sale of blocks, as well as by recourse to financial instruments, specifically derivative financial instruments traded on a regulated or over-the-counter market, such as calls or puts options or any combinations thereof, or by recourse to warrants, under the conditions authorised by the competent market authorities and at such times as the Company's Board of Directors deems fitting. The maximum portion of the share capital acquired or transferred in the form of blocks of shares may comprise up to the entire programme.

These transactions may take place at any time, subject to compliance with regulations in effect, unless a third party files a public offering for the shares of the Company, until the end of the offer period.

This authorisation is intended to allow the Company to pursue the following objectives, in compliance with the applicable legal and regulatory provisions:

- allocate shares to executive corporate officers or employees of the Company and/or of companies belonging to its group, in accordance with the terms and conditions set out in the laws and regulations applicable to (i) the sharing in the benefits due to the Company's growth, (ii) the stock option scheme provided for by Articles L. 225-177 *et seq.* of the French Commercial Code, (iii) the scheme for the allocation of free shares as provided for in Articles L. 225-197-1 *et seq.* of the French Commercial Code and any employee savings plan, as well as to undertake any hedging transaction relating to these transactions, under the conditions stipulated by the market authorities and at such times as the Board of Directors or the individual acting on behalf of the Board of Directors deems suitable
- remit the shares during the exercise of rights attached to securities giving the right, immediately or in the future, through redemption, conversion, exchange, presentation of a warrant or any other manner, to the allocation of Company shares, as well as to undertake any hedging transaction in relation to the issuance of such securities, under the conditions stipulated by the market authorities and at such times as the Board of Directors or the individual acting on behalf of the Board of Directors deems suitable
- hold the shares and remit them later as payment or in exchange in the context of potential transactions for external growth, merger, split or contribution
- cancel all or part of the shares through a reduction in the share capital (specifically in order to optimise cash management, return on equity or earnings per share), subject to this General Meeting adopting Resolution 22 below
- facilitate the liquidity of transactions and consistency in the trading of the Company's shares or to prevent price swings not justified by market trends within the framework of a liquidity agreement entered into with an investment services provider operating in complete independence, under the conditions and in accordance with the methods set by regulation and recognised market practice and consistent with a code of ethics recognised by the *Autorité des Marchés Financiers*
- and also with a view to any other practice that could be recognised by the law or the *Autorité des Marchés Financiers* or any other purpose to be authorised by the law or regulations in effect in future. In such a case, the Company would inform its shareholders by sending out a notice.

This authorisation is given for eighteen (18) months as at the date of this General Meeting.

The General Meeting grants complete authority to the Board of Directors, which may further delegate such authority under the conditions stipulated by the applicable legal and regulatory provisions, for the purposes of implementing this authorisation, and specifically:

- to place all orders on the securities exchange or over the counter
- to enter into any agreements specifically with a view to maintaining records on the purchase and sale of shares
- to prepare any documents, specifically for information purposes
- to allocate or reallocate the shares acquired for the various purposes in question, under the applicable legal and regulatory conditions and
- to prepare any statements and execute any recording requirements of the *Autorité des Marchés Financiers* or any other public authority and, in general, to take all necessary measures.

The General Meeting acknowledges that, in the event that the Board of Directors uses this authorisation, the Board of Directors must report on it pursuant to Article L. 225-100 of the French Commercial Code, in accordance with Article L. 225-211 of the French Commercial Code.

4.1.2.2. Extraordinary resolutions

Twentieth resolution

(Amendment of Article 7 (Form of shares and identification of shareholders), Article 16 (Powers of the Board of Directors), Article 17 (Remuneration of Directors) and Article 20 (Non-Voting members) of the Company's Articles of Association)

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, and having reviewed the report of the Board of Directors:

- resolves to amend Article 7.3 of the Company's Articles of Association, in order to update it in accordance with the new provisions of Article L. 228-2 of the French Commercial Code with regards to the identification of holders of tradable debt securities.

Therefore, Article 7.3 of the Articles of Association now reads as follows:

"Article 7 – Form of shares and identification of shareholders [...]"

7.3 The Company may use, at any time, the provisions set forth in Articles L. 228-2 et seq. of the French Commercial Code regarding identification of (i) holders of securities granting, immediately or in the future, voting rights at its own general meetings of shareholders (a "General Meeting") and (ii) holders of bonds or of tradable debt securities issued by the Company."

The other provisions of Article 7 of the Company's Articles of Association remain unchanged.

- resolves to amend Article 16 of the Company's Articles of Association in order enable the Board of Directors to take certain decisions within the powers attributed to it through written consultation under Article L. 225-37 of the French Commercial Code.

Consequently, it has been added after the first paragraph of Article 16 of the Articles of Association the following provision:

"Article 16. – Powers of the Board of Directors

The Board of Directors is entitled to take decisions through written consultation of the directors in the conditions provided under Article L. 225-37 of the French Commercial Code."

The other provisions of Article 16 of the Company's Articles of Association remain unchanged.

- resolves to amend Article 17 and 20 of the Articles of Association in order to delete the notion of attendance fees pursuant to the adoption on 22 May 2019 of the law on business growth and transformation, called "Loi Pacte".

Therefore, the first paragraph of Article 17 of the Articles of Association and the third paragraph 20 of the Articles of Association are replaced and now read as follows:

"Article 17. – Remuneration of Directors

The members of the Board of Directors may receive in consideration of their activity a remuneration, the total amount of which is determined by the General Meeting and freely allocated by the Board of Directors."

"Article 20. – Non-Voting members

[...]

The Board of Directors may decide to pay the non-voting members of the Board of Directors a portion of remuneration allocated by the General Meeting to the directors in consideration of their activity and to authorise the reimbursement of expenses incurred by the non-voting members of the Board of Directors in the interests of the Company."

The other provisions of Article 17 and 20 of the Company's Articles of Association remain unchanged.

Twenty-first resolution

(Delegation of authority to the Board of Directors to increase the Company's share capital through the incorporation of reserves, profits or premiums)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, and having reviewed the report of the Board of Directors:

- terminates, effective immediately, for the unused portion, the delegation granted by the Combined General Meeting of 17 April 2019
- hereby fully authorises the Board of Directors, in accordance with the provisions of Articles L. 225-129, L. 225-129-2 and L. 225-130 of the French Commercial Code, which may further delegate such authority, to decide to increase the Company's share capital, on one or more occasions, in the proportions and at the times that it deems suitable, by incorporating all or part of the reserves, profits, premiums or any other sums that may be capitalised, to be executed through the issue of new free shares or an increase in the par value of the Company shares or a combination of these two procedures
- the above notwithstanding, resolves that the Board of Directors may not, unless with the prior authorisation of the General Meeting, use this delegation of authority as of the date of the filing by a third party of a proposed public takeover offer for the Company's shares, and until the end of the offer period
- resolves that the maximum nominal amount of the capital increases performed under this delegation, immediately or in the future, may not exceed a total of twenty-six million euros (€26,000,000), plus, if applicable, the par value of the additional shares to be issued in order to protect the rights of the holders of securities convertible into equity as required by legal, regulatory and contractual stipulations. This amount is set independently and separately from the caps on share capital increases as a result of share and/or securities issues authorised by Resolutions 23 through 27
- resolves that this delegation is valid for a period of twenty-six (26) months from the date of this General Meeting
- resolves that the rights forming fractional shares will be neither tradable nor transferable and that the corresponding shares will be sold; the sums resulting from the sale will be allocated to the holders of the rights as provided for under the legislative and regulatory provisions applicable and

- resolves that the Board of Directors, which may further delegate such authority under the conditions stipulated by the legal and regulatory provisions, will have all powers to implement this delegation, specifically for the purposes of:
 - (i) determining the terms and conditions of the operations authorised above, and more specifically determining in this respect the amount of sums to be capitalised and the shareholders' equity account or accounts against which they will be drawn
 - (ii) setting the amounts to be issued and the dividend entitlement date, applied retroactively or not, for the securities to be issued
 - (iii) making any adjustments in order to take into account the impact of operations on the Company's share capital
 - (iv) setting the terms and conditions under which the rights of holders of securities providing access to the share capital will be maintained, as relevant, in accordance with the legal and regulatory provisions in force and the conditions stipulated in any contracts in force
 - (v) performing, either on its own or through an agent, all acts and formalities to make definitive any capital increases that may be carried out as authorised under this resolution and
 - (vi) amending the Articles of Association accordingly and, in general, doing whatever is necessary.

Twenty-second resolution

(Authorisation to be granted to the Board of Directors to reduce the Company's share capital through the cancellation of shares)

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, having reviewed the Board of Directors' report and the Statutory Auditors' special report, and in accordance with the provisions of Article L. 225-209 of the French Commercial Code:

- terminates, effective immediately, for the unused portion, the authorisation given by the Combined General Meeting of 17 April 2019
- authorises the Board of Directors, which may further delegate such authority, for a period of eighteen (18) months from the date of this General Meeting, to cancel, on one or more occasions and at the times it deems fit, the shares acquired by the Company under the authority of Resolution 19 or any other resolution with the same purpose and same legal basis, within the limit of 10% of the Company's share capital per period of twenty-four (24) months, and to reduce the share capital accordingly, on the understanding that this percentage applies to the capital following any adjustments to take into account the impact of transactions subsequent to this General Meeting and
- authorises the Board of Directors to allocate the difference between the purchase value of the cancelled shares and their par value to the "Share premium" account or to any available reserves account, including legal reserves, to a maximum of 10% of the realised capital reduction.

The General Meeting grants all authority to the Board of Directors, which may further delegate such authority under the conditions stipulated by the legal and regulatory provisions, to undertake this (these) transaction(s) involving share cancellations and capital reductions, specifically to set the final value of the capital reduction, setting the conditions and confirming its fulfilment and undertaking the corresponding amendment of the Company's Articles of Association, to take any formal recording measures, to make any efforts and statements to any public entities and, in general, to do anything necessary.

Twenty-third resolution

(Delegation of authority to the Board of Directors to issue shares and/or securities convertible into equity, maintaining the shareholders' preferential subscription right)

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, having reviewed the Board of Directors' report and the Statutory Auditors' special report, and in accordance with the provisions of Articles L. 225-129, L. 225-129-2 and L. 228-91 *et seq.* of the French Commercial Code:

- terminates, effective immediately, for the unused portion, the delegation granted by the Combined General Meeting of 17 April 2019
- delegates the authority to the Board of Directors, which may further delegate said authority, for a period of twenty-six (26) months as from the date of this General Meeting, to decide, on one or more occasions, in the proportions and at the times it deems fit, both in France and abroad, on the issuance, in euros or in foreign currency, maintaining the shareholders' preferential subscription rights, of Company shares and/or securities (including warrants to subscribe for new or existing shares), providing immediate or future access by any means to the Company's share capital, whether issued free of charge or in return for payment. It is specified that this delegation may allow the issuance of transferable securities under the conditions set forth by Article L. 228-93 of the French Commercial Code
- notwithstanding the above, resolves that the Board of Directors may not, unless with the prior authorisation of the General Meeting, use this delegation of authority as of the date of the filing by a third party of a proposed public takeover offer for the Company's shares, and until the end of the offer period
- resolves that the maximum nominal amount of the share capital increases performed under this delegation, immediately or in the future, may not exceed a total of sixty-five million euros (€65,000,000), plus the par value of any additional shares to be issued to protect the rights of the holders of securities convertible into equity as required by applicable legal, regulatory and contractual stipulations. This amount is set independently and separately from the caps on share capital increases as a result of share and/or securities issues authorised by Resolution 21 and Resolutions 24 through 27 and
- also resolves that the par value of debt securities convertible into equity immediately and/or in the future that may be issued under this delegation may not exceed a total of seven hundred and fifty million euros (€750,000,000) or the equivalent of this on the date of this issuance decision in the case of an issuance in foreign currency or in a unit of account set by reference to several currencies. Please note that the nominal amount of the debt securities convertible into equity immediately and/or in the future issued under this delegation and Resolutions 24 to 26 may not exceed a total of seven hundred and fifty million euros (€750,000,000), the overall cap for all debt securities. This amount is independent of the amount of the debt securities for which issuance was decided or authorised by the Board of Directors in accordance with Article L. 228-40 of the French Commercial Code.

Shares or securities convertible into equity may be subscribed for either in cash or by offsetting receivables against the Company.

Shareholders have a preferential right, in proportion to the value of their shares, to subscribe the shares and securities issued under this resolution. The Board of Directors may establish, for shareholders, a subscription right on a reducible basis for the shares or securities issued, which will be issued in proportion to their subscription rights and up to the maximum of their orders.

Consequently, if subscriptions on an irreducible basis and, where applicable, on a reducible basis, have not absorbed the entire issue of shares or securities as defined above, the Board of Directors may use all or some of the options below in the order it deems appropriate:

- to restrict the issue to the amount of subscriptions, it being specified that in the event of a share issue, this limit may only be applied by the Board of Directors on condition that the subscriptions amount to at least three quarters (3/4) of the issue decided
- to freely distribute all or part of any securities not subscribed on an irreducible basis and, where relevant, on a reducible basis and
- to offer to the public all or part of the non-subscribed shares on the French and/or international markets and/or abroad.

The General Meeting acknowledges that the authorisation implies, as applicable, in favour of the holders of such securities convertible into equity as may be issued under this delegation, automatic waiver by the shareholders of their preferential subscription right to shares in connection with such securities.

The General Meeting resolves that Company's stock warrants may be issued by subscription offer, as well as by free allocations to owners of old shares, and that, in the event of a free allocation of stock warrants, the Board of Directors will be entitled to resolve that fractional allocation rights will not be negotiable and that the corresponding securities must be sold.

The General Meeting grants all powers to the Board of Directors to implement this delegation, with a right of sub-delegation, under the conditions provided for by the legal and regulatory provisions, specifically for the purposes of:

- determining the dates, prices and other conditions of the issues as well as the form and features of the transferable securities to be created
- setting the amounts to be issued and the dividend entitlement date, applied retroactively or not, for the securities to be issued
- determining the method of release for the shares or other securities issued and, if applicable, the conditions for their purchase or exchange
- suspending, if applicable, the exercise of the share allocation rights attached to the securities to be issued, for a period no longer than three (3) months
- setting the terms and conditions under which the rights of holders of securities convertible into equity will be maintained, as relevant, in accordance with the legal and regulatory provisions in force and the conditions of any applicable contracts providing for other adjustments
- charging any amounts against the share premium as required, in particular the fees triggered by the issuance, to deduct from this amount the necessary amounts corresponding to 10% of the nominal value of each issue for the legal reserve after each increase

- undertaking any formalities required for the listing for trading on a regulated market in France or abroad, of the rights, shares or securities issued, and recording both the capital increase or increases resulting from any issuance made through the use of this delegation and providing the financial services of the securities in question and exercise of the corresponding rights
- deciding, in the event of an issue of transferable securities representing debt securities convertible into equity, subject to the conditions defined by law, whether or not they are subordinated, setting the interest rate and the currency, the maturity, which may be perpetual if applicable, the fixed or variable redemption price with or without premium, the conditions for amortisation based on market conditions, and the conditions under which these securities will be convertible into shares of the Company and the other conditions for issue (including the act of granting guarantees or securities) and amortisation and
- in general, taking any measure that may be required, entering into any agreements, requesting any authorisations, performing any formalities, and doing whatever is necessary to ensure the successful outcome of the issues planned, or to postpone them, and specifically recording the capital increases resulting from any issue performed through the use of this delegation, and amending the Company's Articles of Association accordingly.

Twenty-fourth resolution

(Delegation of authority to the Board of Directors to issue, through public offering, Company shares and/or securities convertible into equity, with waiver of shareholders' preferential subscription rights and a mandatory priority period for share issues)

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, having reviewed the Board of Directors' report and the Statutory Auditors' special report, and in accordance with the provisions of Articles L. 225-129, L. 225-129-2; L. 225-135 and L. 225-136, together with L. 228-91 et seq. of the French Commercial Code:

- terminates, effective immediately, for the unused portion, the delegation granted by the Combined General Meeting of 17 April 2019
- delegates to the Board of Directors, which may further delegate such authority, for a period of twenty-six (26) months as from the date of this General Meeting, the power to decide, on one or more occasions, in the proportions and at the times it deems fit, on the issuance of Company shares and/or securities convertible into equity immediately or in the future, through public offering, in France or abroad, in euros or in foreign currency, with waiver of shareholders' preferential subscription rights. It is specified that this delegation of authority may allow for the issue of transferable securities under the conditions set forth by Article L. 228-93 of the French Commercial Code
- the above notwithstanding, resolves that the Board of Directors may not, unless with the prior authorisation of the General Meeting, use this delegation of authority as of the date of the filing by a third party of a proposed public takeover offer for the Company's shares, and until the end of the offer period
- resolves that the maximum nominal value of increases in the Company's share capital made immediately or in the future under this delegation may not exceed twenty-six million euros (€26,000,000). Added to this cap, as necessary, will be the additional par value of the shares or other equity instruments to be issued, in accordance with the applicable legal and regulatory provisions and any applicable contractual stipulations providing for other cases of adjustment, to preserve the rights of holders of securities representing receivables convertible into equity. This amount is set independently and separately from the caps on share capital increases as a result of share and/or securities issues authorised by Resolutions 21, 23 and 25 through 27 and

- resolves that the par value of all debt securities issued under this delegation may not exceed a total of seven hundred and fifty million euros (€750,000,000), the overall cap for debt securities provided for herein and in Resolutions 23, 25 and 26, or the equivalent of this amount on the date of the issuance decision in the event of issuance in foreign currency or in a unit of account set by reference to several currencies. This amount is independent of the amount of the debt securities for which issuance was decided or authorised by the Board of Directors in accordance with Article L. 228-40 of the French Commercial Code.

Issuances decided under this delegation will be completed through public offering.

This delegation of authority expressly excludes the issue of preference shares or marketable securities providing access by any means to preference shares either immediately or in the future.

Shares or securities convertible into equity may be subscribed for either in cash or by offsetting receivables against the Company.

The General Meeting resolves:

- the shareholders' preferential subscription right to the shares and other securities issued under this delegation
- to grant shareholders, in connection with share issues, a priority period of at least three (3) trading days for all share issues through public offering carried out by the Board of Directors in accordance with Articles L. 225-135, paragraph 5 and R. 225-131 of the French Commercial Code and
- to delegate to the Board of Directors the option of granting a similar priority period for other non-equity issues.

A priority subscription period that does not lead to the creation of negotiable rights must be exercised in proportion to the portion of equity owned by each shareholder and could potentially be topped up by a subscription on a reducible basis, in the understanding that unsubscribed shares will be sold to public investors in France or, where applicable, abroad.

In accordance with Article L. 225-136 of the French Commercial Code, the General Meeting resolves that:

- the issue price of the new shares will be at least equal to the weighted average market price quoted for Covivio shares on Euronext Paris over the last three trading days preceding the initiation of the public offering within the meaning of Regulation (EU) 2017/1129 of 14 June 2017, less, where applicable, a maximum discount of 10% and
- the issue price of securities convertible into equity (whether immediately or in the future), issued under this delegation will be such that the sum immediately received by the Company, plus any amount it might receive subsequently, for each share or other equity security issued as a consequence of the issuance of these securities, will be at least equal to the minimum subscription price defined in the previous paragraph, after adjustment, if any, of that amount to cover any difference in dividend eligibility dates.

If subscriptions have not absorbed the entire issue of shares or other securities as defined above, the Board of Directors may use all or some of the options below, as it deems fit, and in the order it deems appropriate:

- limit the issuance to the amount subscribed, provided that this is equal to at least three quarters (3/4) of the agreed value of the issuance
- freely distribute all or part of the unsubscribed securities and
- offer all or part of the unsubscribed securities to the public.

The General Meeting acknowledges that this delegation implies a waiver by the shareholders of their preferential subscription right to the shares or other equity instruments of the Company to which the securities to be issued on the basis of this delegation may entitle them.

The General Meeting grants all powers to the Board of Directors to implement this delegation, with a right of sub-delegation, under the conditions provided for by the legal and regulatory provisions, specifically for the purposes of:

- determining the dates and conditions of the issues as well as the features of the transferable securities and shares to be created or associated with them
- setting the number of shares and/or other securities to be issued, as well as their terms and conditions, in particular their issue price and, as applicable, the amount of the premium
- determining the terms of payment for the shares and/or other securities issued
- setting the dividend entitlement date, with or without retroactive effect, of the securities to be issued and, as applicable, the conditions for their buyback or exchange
- suspending, as applicable, exercise of the rights attached to the securities for a period no longer than of three (3) months under the limits stipulated by the applicable legal and regulatory provisions
- setting the conditions to ensure the preservation of the rights of holders of securities or other instruments providing access to the share capital, in accordance with applicable legal and regulatory provisions and, as necessary, the applicable contractual stipulations providing for other adjustments
- charging any amounts against the share premium as required, in particular the fees triggered by the issuance, to deduct from this amount the necessary amounts corresponding to 10% of the nominal value of each issue for the legal reserve after each increase
- undertaking any formalities required for the listing for trading on a regulated market in France or abroad, of the rights, shares or securities issued, and ensuring both the capital increase or increases resulting from any issuance made through the use of this delegation and the providing the financial services of the securities in question and exercise of the corresponding rights
- deciding, in the event of the issue of transferable debt securities convertible into equity as provided for under French law, whether these securities should be subordinated or not (and setting their subordination rank where applicable), setting their interest rate, currency, maturity (which may be perpetual), their fixed or variable redemption price (with or without premium), amortisation conditions based on market conditions, conditions under which these securities will entitle holders to Company shares, and other conditions concerning their issuance (including the act of granting guarantees or securities) and amortisation and
- in general, taking any measure that may be required, entering into any agreements, requesting any authorisations, performing any formalities, and doing whatever is necessary to ensure the successful outcome of the issues planned, or to postpone them, and specifically recording the capital increases resulting from any issue performed through the use of this delegation, and amending the Company's Articles of Association accordingly.

Twenty-fifth resolution

(Delegation of authority to the Board of Directors to issue shares and/or securities convertible into equity, with waiver of shareholders' preferential subscription rights, in the event of a public exchange offer initiated by the Company)

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, having reviewed the Board of Directors' report and the Statutory Auditors' special report, and in accordance with the provisions of Articles L. 225-129 *et seq.*, L. 225-148 and L. 228-91 *et seq.* of the French Commercial Code:

- terminates, effective immediately, for the unused portion, the delegation granted by the Combined General Meeting of 17 April 2019
- delegates to the Board of Directors, which may further delegate such authority, for a period of twenty-six (26) months as from the date of this General Meeting, the power to decide, on one or more occasions, in the proportions and at the times it deems fit, on the issuance of Company shares and/or securities convertible into equity, immediately or in the future, and by any means, through a public exchange offering launched by the Company, in France or (depending on local criteria and regulations) abroad, for shares of another company whose securities are admitted to trading on a regulated market pursuant to Article L. 225-148 of the French Commercial Code
- notwithstanding the above, resolves that the Board of Directors may not, unless with the prior authorisation of the General Meeting, use this delegation of authority as of the date of the filing by a third party of a proposed public takeover offer for the Company's shares, and until the end of the offer period
- resolves to waive, as required, the shareholders' preferential subscription right to the shares and/or securities issued under this delegation
- acknowledges that the authorisation implies automatic waiver by the holders of any securities convertible into equity issued under this delegation of their preferential subscription right to shares in connection with such securities
- resolves that the maximum nominal value of increases in the Company's share capital made immediately or in the future under this delegation may not exceed 10% of the share capital of the Company (corresponding to its amount on the date of use of this delegation by the Board of Directors). Please note that the maximum nominal value of increases in the Company's share capital made under this delegation and the delegation granted pursuant to Resolution 26 may not exceed 10% of the Company's share capital, the overall cap for all capital increases, now or in future, provided for under this resolution and Resolution 26 and
- resolves that the par value of all debt securities issued under this delegation may not exceed a total of seven hundred

and fifty million euros (€750,000,000), the overall cap for debt securities provided for herein and in Resolutions 23, 24 and 26, or the equivalent of this amount on the date of the issuance decision in the event of issuance in foreign currency or in a unit of account set by reference to several currencies. This amount is independent of the amount of the debt securities for which issuance was decided or authorised by the Board of Directors in accordance with Article L. 228-40 of the French Commercial Code.

The General Meeting grants all powers to the Board of Directors to implement this delegation, with a right of sub-delegation, under the conditions provided for by the legal and regulatory provisions, specifically for the purposes of:

- defining the terms, conditions and details of the operation, within the limits set by this resolution and applicable legal and regulatory provisions
- determining the exchange ratio as well as any amount payable in cash
- recording the number of securities tendered to the exchange offer
- determining the dates and issue conditions, in particular the price of the shares to be issued and their dividend entitlement date (possibly retroactive), or where applicable the dates and issue conditions of securities convertible, now or in future, into Company shares to be issued
- taking all required measures to protect the rights of holders of securities or other instruments providing access to the share capital, in accordance with applicable legal and regulatory provisions and any contractual stipulations providing for other adjustments
- recording the difference between the issue price of the new shares and their par value in the "Liabilities" section of the balance sheet under an "Additional paid-in capital" account which will cover the rights of all shareholders
- at its sole initiative, charging the fees for any issuance to the amount of the "Additional paid-in capital" and deducting from this amount the necessary amounts corresponding to 10% of the nominal value of each issue for the legal reserve after each increase
- performing all required formalities for the rights and shares issued to be listed on a regulated market in France or abroad, providing financial services of the securities in question and ensuring the exercise of their attached rights and
- in general, taking any measure that may be required, entering into any agreements, requesting any authorisations, performing any formalities, and doing whatever is necessary to ensure the successful outcome of the issues planned, or to postpone them, and specifically recording the capital increases resulting from any issue performed through the use of this delegation, and amending the Company's Articles of Association accordingly.

Twenty-sixth resolution

(Delegation of authority to the Board of Directors to issue shares and/or transferable securities convertible into equity, to pay for the contributions in kind granted to the Company consisting of capital shares or transferable securities convertible into equity, with waiver of shareholders' preferential subscription rights)

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, having reviewed the Board of Directors' report and the Statutory Auditors' special report, and in accordance with the provisions of Articles L. 225-129 *et seq.* of the French Commercial Code, in particular Article L. 225-147, paragraph 6, of said code:

- terminates, effective immediately, for the unused portion, the delegation granted by the Combined General Meeting of 17 April 2019
- delegates to the Board of Directors, which may further delegate such authority, for a period of twenty-six (26) months as from the date of this General Meeting, the power to decide, based on the report of the contribution auditor(s) (*commissaire aux apports*) mentioned in paragraphs 1 and 2 of Article L. 225-147 of the French Commercial Code, on the issuance of existing or new Company shares and/or securities convertible into equity, immediately or in the future and by any means, pursuant to Articles L. 228-91 *et seq.* of the French Commercial Code, to pay for the contributions in kind granted to the Company consisting of capital shares or transferable securities convertible into equity, when the provisions of Article L. 225-148 of the French Commercial Code do not apply
- the above notwithstanding, resolves that the Board of Directors may not, unless with the prior authorisation of the General Meeting, use this delegation of authority as of the date of the filing by a third party of a proposed public takeover offer for the Company's shares, and until the end of the offer period
- resolves that the maximum nominal amount of the increases in the Company's share capital performed under this delegation, immediately or in the future, will be set at 10% of the Company's share capital (as at the date of the Board of Directors' use of this delegation), the overall cap for capital increases now or in future set forth in this resolution and in Resolution 25
- resolves that the par value of all debt securities issued under this delegation may not exceed a total of seven hundred and fifty million euros (€750,000,000), the overall cap for debt securities provided for herein and in Resolutions 23 through 25, or the equivalent of this amount on the date of the issuance decision in the event of issuance in foreign currency or in a unit of account set by reference to several currencies. This amount is independent of the amount of the debt securities for which issuance was decided or authorised by the Board of Directors in accordance with Article L. 228-40 of the French Commercial Code
- resolves to waive the preferential subscription right of shareholders to the shares and securities issued under this delegation, as their purpose is solely to compensate contributions in kind and
- acknowledges that the authorisation implies automatic waiver by the holders of any securities convertible into equity issued under this delegation of their preferential subscription right to shares in connection with such securities.

The General Meeting grants all powers to the Board of Directors to implement this delegation, with a right of sub-delegation, under the conditions provided for by the legal and regulatory provisions, specifically for the purposes of:

- ruling on the report of the contribution auditor(s) regarding the capital contributions
- defining the terms, conditions and details of the operation, within the limits set by this resolution and applicable legal and regulatory provisions
- determining the exchange ratio as well as any amount payable in cash
- recording the number of securities issued in remuneration for the contributions in kind
- determining the dates and issue conditions, in particular the price and the entitlement date (even retroactive) of the new shares or other equity securities and, if relevant, the securities providing immediate or future access to the Company's share capital, evaluating the contributions and any special benefits that may be granted, and reducing the valuation of the contributions and any special benefits if agreed by the tenderers
- recording the difference between the issue price of the new shares and their par value in the "Liabilities" section of the balance sheet under an "Additional paid-in capital" account which will cover the rights of all shareholders
- at its sole initiative, charging the fees for any issuance to the amount of the "Additional paid-in capital" and E from this amount the necessary amounts corresponding to 10% of the nominal value of each issue for the legal reserve after each increase and
- in general, taking any measures that may be required, entering into any agreements (in particular to ensure the successful outcome of the issue), requesting any authorisations, performing any formalities, and doing whatever is necessary to ensure the successful outcome of the issues planned, or to postpone them, and specifically recording the capital increases resulting from any issue performed through the use of this delegation, amending the Company's Articles of Association accordingly, requesting the listing for trading on Euronext Paris and the MTA (*Mercato Telematico Azionario*) market of the Milan stock exchange of all the securities issued under this delegation, and ensuring the financial servicing of the securities in question and the exercise of the corresponding rights.

Twenty-seventh resolution

(Delegation of authority to the Board of Directors to undertake capital increases reserved for employees of the Company and companies in the Covivio Group that are members of a Company savings plan, with waiver of shareholders' preferential subscription right)

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, having reviewed the Board of Directors' report and the Statutory Auditors' special report, to enable a capital increase to take place, reserved for employees belonging to a company savings plan at a level that remains consistent with the amount of the share capital, and in accordance with the provisions of Articles L. 225-129-2, L. 225-129-6, L. 225-138 *et seq.* of the French Commercial Code, and L. 3331-1 *et seq.* of the French Labour Code:

- terminates, effective immediately, for the unused portion, the delegation granted by the Combined General Meeting of 17 April 2019
- delegates to the Board of Directors, which may further delegate such authority, the authority to decide, on one or more occasions, in the proportions and at the times it deems appropriate, for twenty-six (26) months as from this General Meeting, the issuance of shares and/or securities convertible into equity, up to a maximum par value of five

hundred thousand euros (€500,000) reserved for participants in a company or Group savings scheme provided by the Company and by the companies and economic interest groups associated with the Company, under the conditions set out in Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labour Code. This amount is set independently and separately from the caps on share capital increases as a result of share and/or securities issues authorised by Resolutions 21 and 23 through 26

- resolves to cancel, in favour of said participants, the preferential right of shareholders to subscribe for shares or securities convertible into equity issued pursuant to this delegation
- resolves, in accordance with Articles L. 3332-18 to L. 3332-24 of the French Labour Code, that the discount offered may not exceed 30% of the average most recent prices listed for the Company's shares over the twenty trading days prior to the subscription opening date, and 40% of the same average when the expected holding period under the plan is ten years or more; however, the General Meeting explicitly authorises the Board of Directors to cancel or reduce the aforementioned discount, if it deems this appropriate, in response, *inter alia*, to local legal, accounting financial and social security regimes. The Board of Directors may also replace all or part of the discount through the allocation of shares or other securities pursuant to the aforementioned provisions and
- resolves that the Board of Directors may provide for the allocation of free shares or marketable securities convertible into equity (other than preferred stock), on the understanding that the total benefit resulting from this allocation for the contribution or, where applicable, discount from the subscription price may not exceed the legal and regulatory limits, and the Company's shareholders waive all rights to any securities that may be issued free of charge pursuant to this resolution.

The General Meeting grants all powers to the Board of Directors to implement this delegation, with a right of sub-delegation, under the conditions provided for by the legal and regulatory provisions, specifically for the purposes of:

- determining, within the above-mentioned limits, the features, amount and conditions for any issue
- determining that the issues or allocations may be made directly to the beneficiaries or through an intermediate collective body
- conducting the capital increases resulting from this delegation, up to the cap set above

- setting the subscription price of the shares in cash pursuant to legal provisions
- providing, as needed, for the establishment of a Group savings plan or the modification of existing plans
- determining the list of the companies whose employees will be the beneficiaries of the issues conducted under this delegation, set the period for payment of the shares and, as applicable, the seniority required for employees to participate in the operations, within the legal limits
- making all adjustments in order to take into account the impact of transactions on the Company's share capital, particularly in the case of a change in the par value of the share, a capital increase through capitalisation of reserves, a free allocation of shares, a stock split or reverse split, a distribution of reserves or any other assets, the amortisation of capital, or any other transaction involving shareholders' equity
- as required, charging the fees incurred by the share capital increases to the amount of the related premiums and to deduct from these amounts the necessary amounts corresponding to 10% of the nominal value of each issue for the legal reserve after each increase
- undertaking any formalities necessary for the listing for trading on a regulated market in France or abroad of the rights, shares or securities issued, and ensuring the financial servicing of the securities issued under this delegation and the exercise of the corresponding rights
- performing, either on its own or through an agent, all acts and formalities to make definitive any capital increases that may be carried out as authorised under this resolution and
- amending the Articles of Association accordingly and, in general, doing whatever is necessary.

Twenty-eighth resolution

(Powers for formal recording requirements)

The General Meeting, ruling under the conditions of quorum and majority required by law, grants complete authority to the bearer of an original, a copy or an extract of these minutes recording its resolutions, in order to fulfil all legal or administrative requirements and to undertake any filings or notifications required by current law.

4.2. REPORT FROM THE BOARD OF DIRECTORS ON THE TEXT OF DRAFT RESOLUTIONS PRESENTED TO THE COMBINED GENERAL MEETING OF 20 APRIL 2020

Ladies and Gentlemen,

We have convened a Combined General Meeting for the purpose of submitting draft Resolutions to you. The purpose of this report is to provide you with comments on these drafts, the complete text of which will later be sent to you in the Company's Universal Registration Document that will be submitted to the Financial Markets Authority (*Autorité des Marchés Financiers*) and made available to you in accordance with the legal and regulatory requirements.

4.2.1. Ordinary resolutions

Resolutions 1 to 19 fall within the scope of the Ordinary General Meeting.

4.2.1.1. Approval of the annual and consolidated financial statements, allocation of income, distribution of a dividend and option for payment of dividends in shares (Resolutions 1, 2, 3 and 4)

The drafts of **Resolutions 1 and 2** concern approval of the annual and consolidated financial statements for the fiscal year ended 31 December 2019, approved by the Board of Directors on 13 February 2020, in accordance with the provisions of Article L. 232-1 of the French Commercial Code.

Under the **Resolution 3**, you are hereby called upon to allocate the income for the 2019 fiscal year in the amount of €293,940,534.52, and to proceed with a dividend distribution in the unit amount of €4.80 per share, an increase of 4.3% compared to the 2018 fiscal year.

Resolution 4 offers you the choice of receiving all of the dividend either in cash or in shares.

The issue price of new shares, which cannot be less than the par value of shares, should equal 90% of the average quoted market price at the closure of the previous twenty trading days preceding the date of the General Meeting, less the net amount of the dividend of €4.80. This price shall be rounded up to the next closest hundredth of a cent.

The option should be exercised between 29 April 2020 and 18 May 2020 inclusive. Beyond this date or failing to exercise the option, the dividend shall be paid entirely in cash. Shares thus issued in payment of the dividend shall bear rights on 1 January 2020 and shall give rights, from the time of their issuance, to all subsequent distributions.

Fiscally, shareholders having exercised the option of payment of the dividend in shares will be taxed according to the same terms in case of payment in cash.

The dividend for the 2019 fiscal year shall be removed from the share on 27 April 2020. Payment of the dividend in cash and settlement/delivery of new shares should occur on 22 May 2020.

4.2.1.2. Approval of the agreements referred to in Article L. 225-38 of the French Commercial Code (Resolution 5)

The purpose of **Resolution 5** is to approve (i) the Statutory Auditors' special report on the agreements described in Article L. 225-31 et seq. of the French Commercial Code, as well as (ii) the related-party agreements entered into or executed by the Company during the fiscal year ended 31 December 2018. For

more information, please refer to the Statutory Auditors' special report on related-party agreements, set out in section 4.4. of the Universal Registration Document.

The related-party agreements entered into during the fiscal year ended 31 December 2018 and not having yet been submitted for approval by the General Meeting are listed below:

- **Contribution in kind agreement entered into on 21 February 2019 between Covivio and Covivio Hotels**

The contribution agreement defines the terms and conditions of the contribution by Covivio to Covivio Hotels of (i) all its shares of the Société Civile Immobilière Ruhl-Côte d'Azur owner of the real estate of the Mercure hotel and the Le Méridien hotel in Nice (hereafter the "Hotel"), and (ii) a debt of an amount of €10,500,000 by virtue of an intercompany loan agreement entered into on 1 December 2015.

This agreement, which was authorised by the Board of Directors on 20 February 2019, contributes to the simplification of the Hotel's management and allows Covivio to increase its stake in Covivio Hotels' share capital.

Given that this is an agreement between two companies with corporate officers in common, it must be approved in accordance with Article L. 225-38 of the French Commercial Code.

- **Agreements entered into on 26 April 2019 within the Alexanderplatz project**

Within the mixed development project of the tower « D3 » in Alexanderplatz in Berlin, the Board of Directors approved on 19 July 2018 and 20 February 2019, the conclusion of the following agreements which enable Covivio to make a strategic real estate investment in terms of geographic position and potential creation of value:

- Framework Deed entered into between BRE/GH II Berlin II Investor GmbH, one of Covivio Hotels' indirect subsidiaries, and Covivio Alexanderplatz S.à.r.l, one of Covivio's subsidiaries, in order to define the terms and conditions of the sale of the land reserve and existing businesses
- Neighbour Agreement entered into between BRE/GH II Berlin II Investor GmbH and Covivio Alexanderplatz S.à.r.l, in order to regulate the neighbour relationships within the works to be realised for the project, it being specified that this agreement also provides for the payment by Covivio Alexanderplatz S.à.r.l to BRE/GH II Berlin II Investor GmbH of a compensation of €26.5 million in compensation for the complete demolition of certain businesses and the partial demolition Primark in 2022, payment of which should take place within 30 days of the start of the demolition planned for 2024
- Purchase agreement by Covivio Alexanderplatz S.à.r.l with BRE/GH II Berlin II Investor GmbH of the land reserve and existing businesses.

Given the existing connections between Covivio and Covivio Hotels, person with an indirect interest, which have common corporate officers, these agreements must be approved in accordance with Article L. 225-38 of the French Commercial Code.

- Investment Protocol entered into on 29 October 2019 between Covivio and OPCI Predica Bureaux in the presence of Predica and of the company 6 rue Fructidor, completed by a shareholders' agreement entered into on 29 October 2019 between Covivio and OPCI Predica Bureaux.

The execution of the said protocol and shareholders' agreement, whose main purposes were to define the terms of the partnership and whose main conditions are published on Covivio's website pursuant to Articles L. 225-40-2 and R. 225-30-1 of the French Commercial Code, was done in the context of the redevelopment and sharing of an office building of 31,000 m² located in Saint-Ouen (Seine-Saint-Denis) belonging to the company 6 rue Fructidor and whose delivery will occur during the last quarter of 2021.

These agreements, which have been authorized by the Board of Directors on 23 July 2019, enable Covivio to make a unique real estate complex in a prime location, by sharing the investment and the associated risk.

These agreements were assessed in an equity report issued by an independent expert and made available to shareholders on the Company's website in view of the General Meeting.

Given these agreements are regulated agreements entered into between the company and one of its Directors, they must be approved in accordance with Article L. 225-38 of the French Commercial Code.

- Amendment n°3 dated 12 December 2019 to the shareholders' agreement entered into on 18 June 2015 between Covivio and SCI DS Campus in the presence of Predica and SCI Latécoère 2 within the context of the « DS Campus » extension project.

It is reminded that within the implementation of the extension of the real estate complex located at Vélizy-Villacoublay, Covivio and DS Campus, Predica's subsidiary, have entered into a shareholders' agreement on 18 June 2015 regarding SCI Latécoère 2 involving apportionment of real estate asset, modified on 24 July and 26 December 2017.

This amendment n°3, whose main terms are published on Covivio's website pursuant to Articles L. 225-40-2 and R. 225-30-1 of the French Commercial Code, was done in the context of the implementation of the extension project of Dassault Systèmes' campus, via the construction of a new real estate complex, together with a 10 year prolongation of the leases on the real estate existing on the campus.

The execution of this amendment, authorised by the Board of Directors on 17 October 2019, enables Covivio to share the investment related to this extension as well as the risk associated, within the existing agreements.

Given it is an amendment to a regulated agreement entered into between the company and one of its Directors, it must be approved in accordance with Article L. 225-38 of the French Commercial Code.

4.2.1.3. Approval of the compensation policy for corporate officers (Resolutions 6, 7, 8, and 9)

Pursuant to the provisions of Article L. 225-37-2 II. of the French Commercial Code, the Board of Directors proposes that by voting on **Resolutions 6, 7, 8 and 9**, you are called to approve the compensation policy of the corporate officers applicable to the Chairman of the Board of Directors (**Resolution 6**), to the Chief Executive Officer (**Resolution 7**), to the Deputy Executive Officers (**Resolution 8**) and to the Directors (**Resolution 9**) in consideration of the exercise of their mandate for the 2020 financial year.

The compensation policy for Covivio's legal representatives, approved by the Board of Directors on 13 February 2020 upon recommendation of the Appointments and Compensation Committee is detailed in the Board of Directors' Report on corporate governance in section 4.3.2.1 of the Universal Registration Document. This compensation policy will be submitted to the vote of the General Meeting each year and in the event of any major change in the compensation policy.

4.2.1.4. Approval of the information mentioned in I. of Article L. 225-37-3 of the French Commercial Code related to compensation paid and/or allocated of all corporate officers for the year ended on 31 December 2019 (Resolution 10)

Pursuant to Article L. 225-100 II of the French Commercial Code, the Board of Directors proposes that by voting on **Resolution 10**, you are called to approve the information referred to in I. of Article L. 225-37-3 of the French Commercial Code related to compensation of all corporate officers, including that of the corporate officers whose mandate ended and that of the corporate officer newly appointed during the year ended 31 December 2019, detailed in the Board of Directors' report on corporate governance in paragraph 4.3.2.2. of the Universal Registration Document.

4.2.1.5. Approval of the individual compensation paid and/or allocated to executive officers for the fiscal year ended 31 December 2019 (Resolutions 11, 12, 13 and 14)

Pursuant to Article L. 225-100 III of the French Commercial Code, you are called to vote on **Resolutions 11, 12, 13 and 14**, to approve the fixed, variable and exceptional elements making up the total compensation and benefits of any kind paid during the fiscal year ended on 31 December 2019 or allocated in relation to the said fiscal year to the executive officers, resulting from implementation of the compensation policy approved by the General Meeting of 17 April 2019 by voting on Resolutions 8, 9 and 10, it being specified that the elements composing the variable and exceptional compensation may only be paid out after approval by the shareholders that payment of variable or exceptional compensation components will be subject to shareholders' approval of the individual compensation of executive officers.

The compensation individual elements presented in the Board of Directors' report on corporate governance in paragraph 4.3.2.3. of the Universal Registration Document concern:

- Jean Laurent (**Resolution 11**)
- Christophe Kullmann (**Resolution 12**)
- Olivier Estève (**Resolution 13**)
- Dominique Ozanne (**Resolution 14**).

4.2.1.6. Ratification of the appointment of Mrs. Alix d'Ocagne as Director (Resolutions 15)

In **Resolution 21**, it is proposed that you ratify the appointment of Mrs. Alix d'Ocagne as a Director decided by the Board of Directors on 13 February 2020, in order to replace Delphine Benchetrit who has resigned, for a period expiring at the end of the General Meeting of Shareholders called in 2022 to approve the financial statements for the fiscal year ended 31 December 2021.

Alix d'Ocagne has a law degree from the University of Paris 1 Panthéon-Sorbonne and an Executive MBA from HEC. She has spent her entire career in the notary profession, specialising in real estate transactions for major accounts. She worked for 25 years at the Cheuvreux law firm as an associate, partner, managing partner and president. She actively participated in the development of this law firm.

Alix d'Ocagne will bring to the Board of Directors her expertise in real estate transactions and her entrepreneurial experience.

The Board of Directors, upon recommendation of the Appointments and Compensation Committee has reviewed the situation of Alix d'Ocagne with regards to the rules of the Afep-Medef Code as updated in January 2020 defining the independence criteria of the Directors. Given that Alix d'Ocagne satisfies the criteria for independence, the Board of Directors has acknowledged that Alix d'Ocagne can be considered as an independent Director.

The Board of Directors has acknowledged that if **Resolutions 15 to 18** are approved by the General Meeting, the proportion of independent Directors and women who are Directors would be upheld respectively to 60% and 40%.

Alix d'Ocagne's identity details are in the report of the Board of Directors on corporate governance under paragraph 4.3.1.1.2. of the Universal Registration Document.

4.2.1.7. Renewal of the terms of office of Directors (Resolutions 16, 17 and 18)

As the terms of office of Directors of Christophe Kullmann (**Resolution 16**), Patricia Savin (**Resolution 17**) and Catherine Soubie (**Resolution 18**) expire at the end of the Combined General Meeting of 22 April 2020, you are asked to vote on Resolutions 16 to 18 on the renewal of their functions, for a period of four years, which will expire at the end of the General Meeting of Shareholders called in 2024 to approve the financial statements for the fiscal year ending 31 December 2023.

- Christophe Kullmann, who is also Chief Executive Officer, will keep being associated in an even more direct manner in the Company's strategy, of which he is in charge as a Director with the other Directors. Over the four years of his tenure as Director, Christophe Kullmann's attendance at Board meetings was 97%.
- Patricia Savin, independent Director, will keep bringing her valuable contribution to the Board of Directors' works, in particular her expertise in the fields of real estate and environmental issues. For the past 4 years of her directorship, Patricia Savin attended 94% of the meetings of the Board of Directors and 100% of the meetings of the Audit Committee of which she is also a member.

- Catherine Soubie, acting also as an independent Director and Chairman of the Appointments and Compensation Committee, will keep bring her expertise to the Company in the fields of real estate and finance, as well as her experience in listed companies. For the past 4 years of her directorship, Catherine Soubie attended 100% of the meetings of the Board of Directors and of the meetings of the Audit Committee.

Subject to approval of their renewal, they will thus keep actively contributing to the discussions and appropriate management of the Company.

A brief biography, the list of all offices and positions held over the course of the five previous fiscal years, their attendance rates and the number of shares owned as of 31 December 2019, are set forth in sections 4.3.1.1.3. and 4.3.1.5.2. of the Universal Registration Document.

4.2.1.8. Authorisation to be granted to the Board of Directors for the Company to purchase treasury shares (Resolution 19)

In **Resolution 19**, it is proposed that you authorise a share buyback programme. The principal characteristics of this programme will be the following:

- the number of shares bought back may not exceed 10% of the Company's share capital
- the purchase price may not exceed €135 per share (excluding acquisition costs)
- the maximum amount of funds allocated to the buyback programme would be €150 million
- this programme may not be implemented during a public takeover bid.

The buyback by the Company of its treasury shares would result in:

- allocating shares to corporate officers or employees of the Company and/or of companies belonging to its group
- delivering shares upon the exercise of rights attached to securities entitled to the allocation of Company shares
- delivering as payment or exchange (up to a limit of 5% of the capital), specifically within the context of potential external growth, merger, spin-off or contribution operations
- cancelling shares in whole or in part, subject to the adoption of the **Resolution 22**
- setting up a liquidity agreement, noting that by law, in the event of acquisition under a liquidity agreement, the number of shares considered for calculation of the 10% limit of the share capital amount would match the number of shares purchased, deducting the number of shares resold during the authorisation granted by the General Meeting and
- any other practice that may be recognised by the law or the Financial Markets Authority or any other purpose that could be authorised by the law or regulations in effect, in the understanding that in such a case, the Company would inform its shareholders by sending out a notice.

This authorisation would be given to the Board of Directors for a period of eighteen (18) months with effect from the date of the General Meeting of 22 April 2020 and would immediately terminate, for the unused portion, the authorisation given by the Combined General Meeting of 17 April 2019.

Prior to implementing it, the Company would publish a description of the programme in the form set out under Article 241-1 of the General Regulation of the Financial Markets Authority,

4.2.2. Extraordinary resolutions

4.2.2.1. Approval of amendments to the Articles of Association (Resolution 20)

By voting on **Resolution 20**, you are called to change:

- Article 7 of the Articles of Associations related to the forms of shares and identification of the holders of shares, in order to update it with the new provisions of Article L. 228-2 of the French Commercial Code with regards to the identification of holders of tradable debt securities
- Article 16 of the Articles of Associations related to the powers of the Board of Directors, in order to enable it to take certain decisions within its competence through written consultation under the conditions provided for in Article L. 225-37 of the French Commercial Code
- Article 17 and 20 of the Articles of Associations related to the compensation of the Directors and Non-Voting members, in order to delete the notion of "attendance fees" following the adoption on 22 May 2019 of the law on business growth and transformation, called "loi Pacte".

4.2.2.2. Financial authorisations to confer upon the Board of Directors (Resolutions 21 to 27)

In the Extraordinary General Meeting, you will be asked to grant certain financial authorisations to your Board of Directors and to authorise it, within the limits and conditions that you will set, to decide on the issuance of shares and/or securities directly or indirectly convertible to equity.

The Board of Directors wishes to continue having the means that enable it, if necessary, by calling upon the markets, to gather the financial resources needed for the development of your Company.

It is being proposed that you grant the Board of Directors the following financial authorisations:

- **Resolution 21:** capital increase through the incorporation of reserves, profits or premiums
- **Resolution 23:** issuance of shares and/or securities convertible to equity, maintaining shareholders' preferential subscription rights
- **Resolution 24:** issuance of shares and/or securities convertible to equity, through public offering, with waiver of shareholders' preferential subscription right and a mandatory priority period for share issues
- **Resolution 25:** issuance of shares and/or securities convertible to equity, through a public exchange offer launched by the Company, with waiver of shareholders' preferential subscription right

- **Resolution 26:** issuance of shares and/or securities convertible to equity, with a view to compensating in-kind contributions given to the Company made up of equity or securities convertible to equity, with waiver of shareholders' preferential subscription right
- **Resolution 27:** capital increase reserved for employees of the Company and the companies of the Covivio group covered by a company or group savings plan, with waiver of shareholders' preferential subscription right.

You will also be asked, in **Resolution 22**, to authorise the Board of Directors to reduce the Company's share capital by cancelling shares purchased within share buyback programmes adopted by the Company.

In proposing to you that you grant these authorisations, the Board of Directors seeks to clearly explain to you the impact of the corresponding resolutions submitted to your approval.

In accordance with the relevant applicable regulations, the Board of Directors will prepare a supplementary report relating to the use of this delegation mentioning, in particular, the following:

- the impact of the issuance on the situation of holders of equity securities and securities convertible to equity (especially as regards their portion of shareholders' equity) and
- the theoretical impact of the aforementioned issuance on the stock market value of the Company's shares.

The Statutory Auditors will prepare their own reports on the financial authorisations, which will be made available to you in accordance with the legal and regulatory conditions.

4.2.2.2.1. Delegation of authority to be granted to the Board of Directors to increase the share capital of the Company through the capitalisation of reserves, earnings or premiums (Resolution 21)

Under **Resolution 21**, you will be called upon to decide on the authorisation to be granted to the Board of Directors, which may further delegate its authority, to carry out a capital increase, through capitalisation of all or part of the reserves, earnings, premiums or other sums for which capitalisation would be permitted. This transaction would not necessarily translate into the issue of new shares.

This delegation of authority would allow your Board of Directors to decide to perform one or more capital increases, up to a maximum nominal amount of €26 million (excluding adjustments to protect holders of securities convertible to equity), representing approximately 10% of the share capital. This cap would be set independently and separately from the capital increase caps resulting from share or security issues likely to be approved under **Resolutions 23 to 27**.

This delegation could not be used without your formal agreement during periods of public purchase or exchange offers on the Company's shares.

This delegation, given for a period of 19 months as from the General Meeting of 22 April 2020, would immediately terminate, for the unused portion, the delegation granted by the Combined General Meeting of 17 April 2019.

4.2.2.2.2. Authorisation to the Board of Directors to reduce the Company's share capital through the cancellation of shares (Resolution 22)

Concurrently with the authorisation given to the Company to conduct transactions on its own shares under **Resolution 21**, it is proposed in **Resolution 22**, that you should authorise the Board of Directors, which may sub-delegate this authority, to cancel shares acquired by the Company under the buyback programme authorisation submitted in **Resolution 19**, or in any resolution having the same purpose and the same legal basis.

As provided for under French law, shares may only be cancelled up to a limit of no more than 10% of the share capital per 24 months period.

Consequently, you will be asked to authorise the Board of Directors to reduce the share capital under the applicable legal conditions.

This authorisation, given for a period of 18 months as from the General Meeting of 22 April 2020, would immediately terminate, for the unused portion, the delegation granted by the Combined General Meeting of 17 April 2019.

4.2.2.2.3. Delegation of authority to be granted to the Board of Directors to issue shares and/or securities convertible into equity, maintaining shareholders' preferential subscription rights (Resolution 23)

In **Resolution 23**, it is proposed that you delegate to the Board of Directors, which may further delegate such authority, powers to issue shares in the Company and/or other securities (including warrants for new or existing shares), convertible by any means, immediately or in the future, into equity in the Company, in a subsidiary in which the Company holds more than 50% of the shares directly or indirectly, or in a company directly or indirectly holding more than 50% of the Company's shares, issued for free or against payment, maintaining shareholders' preferential subscription rights.

The Board of Directors may use this authority, in order to have the necessary funds available at the appropriate time to develop the Company's business.

In proportion to the value of their shares, shareholders would have preferential subscription rights to the shares and securities issued under this delegation. In case of deferred access to shares of the Company – i.e. by transferable securities granting access to Company shares by any means – your approval of this resolution would imply a waiver by the shareholders of their preferential right to subscribe for the shares to which these securities would be entitled.

The maximum nominal amount of the capital increases likely to be made would be set at €65 million, representing approximately 25% of the share capital. This amount would be set independently and separately from the capital increase caps resulting from share and/or security issues approved under **Resolutions 21 and 24 to 27**.

The nominal amount of the debt instruments convertible into equity that are likely to be issued may not exceed a total amount of €750 million. This amount would also constitute an overall nominal cap for securities issues made under **Resolutions 23 to 26**.

The issue price of the securities convertible to equity would be determined by the Board of Directors if and when it implements this delegation, complying with legal and regulatory provisions.

This delegation could not be used without your formal agreement during periods of public purchase or exchange offers on the Company's shares.

This delegation would be given to the Board of Directors for a period of 26 months with effect from the General Meeting of 22 April 2019 and would immediately terminate, for the unused portion, the delegation granted by the Combined General Meeting of 17 April 2019.

4.2.2.2.4. Delegation of authority to the Board of Directors to issue, through public offering, Company shares and/or securities convertible into equity, with waiver of shareholders' preferential subscription rights and a mandatory priority period for share issues (Resolution 24)

The Board of Directors may, in the interest of the Company and its shareholders, in order to seize the opportunities offered by the financial markets, be led to issue such securities without preferential subscription rights.

You are also asked, through **Resolution 24**, to grant the Board of Directors the power, which may further delegate such authority, to issue by means of a public offering, without preferential subscription rights for shareholders, Company shares and/or debt securities providing access to existing or new Company shares, or shares in a subsidiary which is majority-held by the Company, whether directly or indirectly, or a company which directly or indirectly holds more than 50% of the Company's shares.

Your decision would imply a waiver of your preferential subscription right to the shares and other equity securities and securities that could be issued based on this delegation, in the understanding that this authorisation implies, in favour of the holders of such securities convertible into equity as may be issued under this delegation of authority automatic waiver by the shareholders of their preferential subscription right to shares in connection with such securities.

We would like to point out that the Board of Directors would be obliged to grant shareholders a priority subscription period of at least three (3) trading days, solely for issues of shares through public offering conducted by the Board of Directors, in accordance with Articles L. 225-135, paragraph 5, and R. 225-131 of the French Commercial Code; this priority period is an option for the issuance of all securities other than shares.

The maximum nominal amount of the capital increases likely to be carried out by the Company under this delegation may not exceed €26 million, representing around 10% of the share capital, and would be independent and separate from the caps for capital increases resulting from the issuance of shares and/or transferable securities authorised by **Resolutions 21, 23 and 25 to 27**.

The nominal amount of the total debt securities likely to be issued may not exceed €750 million, the overall cap for all debt instruments set by **Resolution 23**.

The issue price of the shares and/or securities convertible into equity would be determined by the Board of Directors if and when it implements this delegation, complying with legal and regulatory provisions.

This delegation could not be used without your formal agreement during periods of public purchase or exchange offers on the Company's shares.

This delegation would be given to the Board of Directors for a period of 26 months with effect from the General Meeting of 22 April 2020 and would immediately terminate, for the unused portion, the delegation granted by the Combined General Meeting of 17 April 2019.

4.2.2.2.5. Delegation of authority to the Board of Directors to issue shares and/or securities convertible into equity, with waiver of shareholders' preferential subscription rights, in the event of a public exchange offer initiated by the Company (Resolution 25)

In **Resolution 25**, you are asked to approve the delegation of authority granted to the Board of Directors, which may further delegate such authority, to proceed to issue shares and/or securities convertible into equity, on one or more occasions, in the event of a public exchange offer initiated by the Company.

You will therefore be expressly asked to waive your preferential subscription rights to the new shares and/or securities convertible into equity that could be issued based on this delegation, in the understanding this authorisation implies, for the holders of such securities convertible to the Company's share capital as may be issued under this delegation of authority automatic waiver by the shareholders of their preferential subscription right to shares in connection with such securities.

The maximum nominal value of increases in the Company's share capital that might be made immediately or in the future may not exceed 10% of the share capital of the Company (corresponding to its amount on the date of use of this delegation by the Board of Directors), in the understanding that the overall maximum nominal value of the capital increases to be made under **Resolutions 25 and 26** may not exceed 10% of the share capital of the Company, the overall cap for all capital increases that might be made immediately or in the future under **Resolutions 25 and 26**.

The nominal amount of the total debt securities likely to be issued may not exceed €750 million, the overall cap for all debt instruments set by **Resolution 23**.

For each individual offer, the Board of Directors would have to determine the nature and characteristics of the shares to be issued. The amount of the increase in share capital would depend on the result of the offer and the number of securities tendered under the exchange offer, taking into account the exchange ratio and the shares issued.

This delegation could not be used without your formal agreement during periods of public purchase or exchange offers on the Company's shares.

It would be given to the Board of Directors for a period of 26 months with effect from the General Meeting of 22 April 2020 and would immediately terminate, for the unused portion, the delegation granted by the Combined General Meeting of 17 April 2019.

4.2.2.2.6. Delegation of authority to the Board of Directors to issue shares and/or transferable securities convertible into equity, in order to pay for the contributions in kind granted to the Company consisting of capital shares or transferable securities convertible into equity, with waiver of shareholders' preferential subscription rights (Resolution 26)

In accordance with the option offered by Article L. 225-147, paragraph 6, of the French Commercial Code, you are asked, under **Resolution 26**, to authorise the Board of Directors, which may further delegate such authority, to issue shares and/or transferable securities convertible into equity, in consideration for the contributions in kind made to the Company consisting of shares or transferable securities convertible into equity, when Article L. 225-148 of the French Commercial Code is not applicable.

The maximum nominal amount of capital increases in the Company's share capital that may be performed under this delegation, immediately or in the future, will be set at 10% of the Company's share capital (existing at the date of the Board of Director's use of this delegation), the overall cap for all capital increases that might be made immediately or in the future under **Resolutions 25 and 26**.

The nominal amount of the total debt securities issued may not exceed €750 million, the overall cap for all debt instruments set by **Resolution 23**.

You will be requested to expressly waive your shareholder's preferential subscription right to new shares and/or to securities convertible into equity in favour of holders of shares or transferable securities forming the object of a contribution in kind, in the understanding this delegation of authority automatically entails that the shareholders waive, to the benefit of the holders of securities that may be issued and convertible into equity, their preferential subscription rights to the shares to which these securities give right.

This delegation could not be used without your formal agreement during periods of public purchase or exchange offers on the Company's shares.

The Board of Directors would, notably, be required to approve the report of the contribution auditor(s) to be appointed, set the exchange ratio and, if applicable the amount of the balance to be paid in cash, record the number of securities to be issued in compensation for contributions, determine the dates and conditions of issues of shares and/or transferable securities giving immediate or future access to the Company's capital, and value the contributions.

This delegation would be given to the Board of Directors for a period of 26 months with effect from the General Meeting of 22 April 2020 and would immediately terminate, for the unused portion, the delegation granted by the Combined General Meeting of 17 April 2019.

4.2.2.2.7. Delegation of authority to the Board of Directors to undertake capital increases reserved for employees of the Company and companies in the Covivio group that are members of a company savings plan, with waiver of shareholders' preferential subscription right (Resolution 27)

You will be asked, under **Resolution 27**, to authorise the Board of Directors, which may further delegate such authority, to decide to increase the share capital under the provisions of the French Commercial Code and French Labour Code relating to the issuance of shares or securities convertible to existing Company shares or shares to be issued, for the benefit of employees covered by a company savings plan offered by the Company and/or its affiliates under the conditions of Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labour Code.

This delegation of authority would be granted for a maximum nominal amount of the capital increase immediately or in the future, resulting from the issues made pursuant to this delegation (including the capitalisation of reserves, earnings or premiums), of €500,000, representing 0.20% of the share capital, set irrespective of the par value of the shares that may be issued as a result of adjustments made to protect the holders of transferable securities giving future access to shares. This cap would be independent of any other authorisation granted by the General Meeting.

You will be requested to expressly waive your shareholder's preferential subscription right to new shares or to securities convertible to equity in favour of the said employees.

The subscription price of the shares and the discount offered will be set by the Board of Directors under the conditions of

Article L. 3332-19 of the French Labour Code on the understanding that the discount offered may not exceed 30% of the average share price for the twenty trading days preceding the date of the decision to open the subscription period, and 40% of this same average when the retention period provided for in the plan is greater than or equal to ten years, provided that the Board of Directors may also replace all or part of said discount by the allocation of shares or other securities.

The Board of Directors may likewise provide for the allocation of free shares or other securities convertible to equity, it being understood that the total benefit resulting from this allocation as a company contribution or, where applicable, the discount on the subscription price, may not exceed the legal and regulatory limits and that the shareholders would waive all rights to shares or other securities convertible to equity that may be issued by virtue of this resolution.

This delegation would be given to the Board of Directors for a period of 26 months with effect from the General Meeting of 22 April 2020 and would immediately terminate, for the unused portion, the delegation granted by the Combined General Meeting of 17 April 2019.

4.2.2.3. Powers for formal recording requirements (Resolution 28)

Resolution 28 is a standard resolution concerning the granting of the powers required to make announcements and perform legal formalities related to holding the General Meeting.

We believe that these transactions, under these conditions, are a timely measure and we ask you to approve the resolutions to be presented to you.

The Board of Directors

4.3. REPORT FROM THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE

This report, drawn up by the Board of Directors pursuant to the provisions of Article L. 225-37, paragraph 6, of the French Commercial Code, provides an account to the shareholders in accordance with the provisions of Articles L. 225-37-2 to L. 225-37-5 of the French Commercial Code, on the composition of the Board, the conditions for preparing and organising its work as well as the limitations imposed by the Board on the powers of the Chief Executive Officer and the Deputy General Managers. This report, which also provides information regarding the terms of office and functions of the corporate officers, sets out the individual remuneration paid to each of the corporate officers for the 2019 fiscal year, as well as the remuneration policy applicable to them for the 2020 fiscal year. It sets out the diversity policy applicable to the members of the Board of Directors (its goals, its conditions of implementation and the results obtained), and describes the information on the manner the Company implements a balanced gender representation within the management bodies of the Company. Finally, it provides for the special terms and conditions of shareholder attendance at the General Meeting, the elements likely to have an impact in the event of a public offer, the related-party agreements entered into between a corporate officer or a shareholder holding more than 10% of Covivio's voting rights and another company over which

Covivio exercises its control within the meaning of Article L. 233-3 of the French Commercial Code, the procedure of assessment of the agreements relating to transactions entered in the ordinary course of business and on arms' length terms, as well as the ongoing and effective financial delegations for a capital increase.

This report has been prepared on the basis of the deliberations of the Board of Directors, taken upon advice from the Appointments and Compensation Committee, and assistance has been provided by the Legal (Corporate and M&A) Department, the Human Resources Department, the Finance Department and the Chief Operating Officer (COO), who referred in particular to the work carried out and reports produced by the High Committee on Corporate Governance and on the basis of the various recommendations made and reports produced by the *Autorité des Marchés Financiers*.

It was approved by the Board of Directors on 13 February 2020 and was subject to a certification by the Statutory Auditors included in the report on the annual accounts.

These reports were made public at the date of being published on the Company's website after the filing of the Universal Registration Document with the *Autorité des Marchés Financiers*.

Governance principles – compliance with the Afep-Medef Code

Covivio uses the Afep-Medef Code as reference framework for corporate governance. This decision was the subject of a press release published on 29 December 2008. Today, the Company refers to the Afep-Medef Code in the version that was updated and published on 30 January 2020, which can be consulted at: <https://afep.com/publications/lafep-et-le-medef-publient-une-version-revisee-du-code-de-gouvernances-des-societes-cotees/>.

Covivio continuously analyses the best practices in corporate governance as consolidated in the Afep-Medef Code, undated in January 2020, and is committed to applying them. In 2019, the Company has proceeded to appoint two new directors who comply with the independence requirement to replace Pierre Vaquier and Bertrand de Feydeau who had been directors in the Company for over 12 years. The Company endeavoured to continue to implement the recommendations issued following the performance review of the Board of Directors. These initiatives are part of a relentless drive to consolidate an open, transparent, efficient and pragmatic governance, in order to serve the long-term interests of the Company, its shareholders, tenants, employees and all of its stakeholders.

On the date of approval of the present report by the Board of Directors, Covivio complies with all principles and recommendations of the Afep-Medef Code and has never been investigated by the High Committee on Corporate Governance.

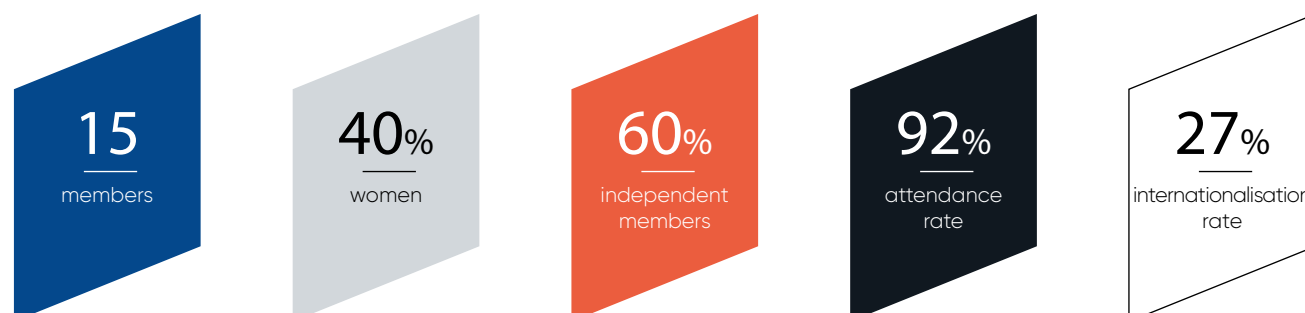
Covivio's corporate governance is also reflected by the Company's Articles of Association, supplemented by the provisions of the Internal Regulations of the Board of Directors adopted on 31 January 2011 and which the Board of Directors will have reviewed on a regular basis to ensure they are adapted to ongoing legal and regulatory developments in governance rules and practices.

Therefore, in 2019, the Board of Directors made further adaptations to its Internal Regulations and to its appendix containing the Guide to the prevention on insider dealing. In order to update the provisions with the law n° 2019-486 on growth and transformation of companies dated 22 May 2019, referred to as *Loi Pacte*, which has replaced in the legal texts the term "attendance fees" by "remuneration", and with the new abstention periods applicable to the beneficiaries of free shares as modified by the law n°2019-744 referred to as the law on simplification, clarification and update of company law dated 19 July 2019.

A full version of the Board of Directors' Internal Regulations and Articles of Association as updated is available via the Company's website at the following address: <https://www.covivio.eu/fr/profil/strategie/gouvernance/>.

4.3.1. Composition of the Board of Directors and conditions for preparing and organising its work

4.3.1.1. Summary of the composition of the Board of Directors in 2019:



The table below summarises the composition of the Board of Directors and of the Committees as of 31 December 2019 ⁽¹⁾ (*).

Personal information

Member's first name and last name or company name	Title	Age	Gender	Nationality	Number of shares held at 31 December 2018		Main functions exercised
Jean Laurent	Chairman of the Board of Directors	75	M	French	575		Chairman of the Board of Directors Covivio
Leonardo Del Vecchio	Vice-Chairman of the Board of Directors	84	M	Italian	1		Chairman and Chief Executive Officer of Luxottica SA
ACM Vie							
represented by Catherine Allonas Barthe	Director	64	F	French	6,624,678	0	Deputy Executive Officer of ACM Vie SA
Romolo Bardin	Director	41	M	Italian	4,176		Deputy Manager of Delfin S.a.r.l
Delphine Benchetrit	Director	51	F	French	189		Managing Partner of Finae Advisors
Jean-Luc Biamonti	Director	66	M	Monegasque	460		Deputy Chairman of Société des Bains de Mer de Monaco
Covéa Coopérations							
represented by Laurent Tollié	Director	56	M	French	528	0	Chief Investment Officer of Covea
Christian Delaire	Director	52	M	French	26		Senior Advisor at Foncière Atland
Sigrid Duhamel	Director	54	F	French & Danish	252		Chairman of the Management Board of BNP Paribas REIM France
Christophe Kullmann	Chief Executive Officer Director	54	M	French	101,630 (1)		Chief Executive Officer of Covivio
Sylvie Ouziel	Director	49	F	French	449		Allianz Worldwide Partners Global Assistance CEO & Asia Pacific CEO
Olivier Piani	Director	65	M	French	1		Chairman of ODP Conseils
Predica							
represented by Jérôme Grivet	Director	57	M	French	6,681,491	0	Deputy General Manager of Credit Agricole in charge of the Group Finance Division
Patricia Savin	Director	53	F	French	187		Partner at DS avocats
Catherine Soubie	Director	54	F	French	686		Chief Executive Officer of Arfilia
Sergio Erede	Non-voting member of the Board of Directors	79	M	Italian	N/A		N/A
Ariberto Frasati	Non-voting member of the Board of Directors	73	M	Italian	N/A		N/A

(1) To which 18,000 beneficially-owned shares are added following a bare ownership transfer.

(2) It being specified that Covea Coopérations is represented by Laurent Tollié since 1 January 2018.

(3) This debt takes into account the seniority within the Company.

(1) Having specified that Delphine Benchetrit resigned from her mandate as Director on 31 December 2019 and that the Board of Directors convened on 13 February 2020 co-opted Alix d'Ocagne as an Independent Administrator, whose ratification is submitted to the Mixed General Assembly on 22 April 2020.

Experience		Position in the Board				Participation in Board Committees				Compensation
Number of directorships in public companies outside Covivio	Independent member	Date of first appointment to the Board of Directors	Renewal date	Expiry year of term of office	Seniority on the Board	Number of Board of Directors meetings	Number of Audit committee meetings	Number of meetings of Appointments and Compensation Committee	Number of meetings of Strategic and Investments Committee	Gross amount of attendance fees (€)
						7	3	2	4	
Number of directorships in public companies outside Covivio	Independent member	Date of first appointment to the Board of Directors	Renewal date	Expiry year of term of office	Seniority on the Board	Attendance rate at meetings of the Board of Directors	Attendance rate at Audit Committee meetings	Attendance rate at Appointments and Compensation Committee meetings	Attendance rate at Strategic and Investments Committee meetings	Gross amount of attendance fees (€)
0	yes	31/01/2011	17/04/2015 17/04/2019	2023	9.1 ⁽³⁾	100%	/	/	100%	/
1	no	31/01/2011	17/04/2015 17/04/2019	2023	11.7 ⁽³⁾	80%	/	/	60%	34,000
0	no	31/01/2011	17/04/2015 19/04/2018	2022	10.9 ⁽³⁾	100%	/	/	80%	37,000
2	no	17/04/2015	19/04/2018	2022	11.7 ⁽³⁾	100%	67%	/	100%	48,000
0	yes	17/04/2015	19/04/2018	2022	4.8	80%	/	/	/	22,000
1	yes	31/01/2011	17/04/2015 26/04/2017	2021	8.11	100%	100%	100%	/	58,666
0	no	17/02/2016 ⁽²⁾	17/04/2019	2023	11.1	60%	/	/	60%	27,000
2	yes	17/04/2019	/	2023	0.8	100%	100%	/	/	28,000
1	yes	28/04/2014	19/04/2018	2022	5.8	80%	100%	/	/	34,000
0	no	25/04/2012	27/04/2016	2020	7.8	100%	/	/	/	/
0	yes	24/04/2013	26/04/2017	2021	6.8	100%	67%	/	/	35,000
1	yes	17/04/2019	/	2023	0.8	100%	/	100%	/	24,000
2	no	31/01/2011	17/04/2015 26/04/2017	2021	8.11	80%	/	50%	80%	/
0	yes	27/04/2016	/	2020	3.8	100%	100%	/	/	38,000
2	yes	27/04/2016	/	2020	3.8	100%	/	100%	/	37,667
N/A	no	17/04/2015	17/04/2019	2023	11.7 ⁽³⁾	80%	/	100%	100%	42,000
N/A	no	17/04/2019	/	2023	0.8 ⁽³⁾	75%	/	100%	67%	22,000
						Average attendance rate: 92%	Average attendance rate: 88%	Average attendance rate: 100%	Average attendance rate: 63%	Total: €512,000

4.3.1.1.1. Changes made to the composition of the governance bodies during 2019

Governance body	Date	Departure	Appointment	Renewal
Board of Directors	17 April 2019	Bertrand de Feydeau Pierre Vaquier	Christian Delaire Olivier Piani	Jean Laurent
				Leonardo Del Vecchio
				Covéa Coopérations, représentée par Laurent Tollié
	31 December 2019	Delphine Benchetrit		
Non-Voting members	17 April 2019		Ariberto Fassati	Sergio Erede
Audit Committee	17 April 2019	Bertrand de Feydeau	Christian Delaire	
			Jean-Luc Biamonti (President)	Jean Laurent (guest)
Appointments and Compensations Committee	17 April 2019	Pierre Vaquier	Olivier Piani	Jean Laurent (guest)
			Catherine Soubie (Présidente)	Sergio Erede
Strategic and Investment Committee	17 April 2019		Ariberto Fassati (guest)	Leonardo Del Vecchio (President)
				Jean Laurent
				Laurent Tollié Sergio Erede (guest)

■ Impact of the 2019 changes to the governance bodies in terms of diversification

The evolution of the composition of the corporate governance bodies is without impact in terms of diversity but reinforces the conformity of Covivio's governance with regards to the independence requirements set by the Afep-Medef Code.

	Number of members		Percentage of independence members		Percentage of women		Percentage of international		Average age	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
Board of Directors	15	15	60%	60%	40%	40%	27%	27%	59 years	59 years
Audit Committee	6	6	83%	83%	50%	50%	50%	50%	55 years	53 years
Appointments and Compensations Committee	4	4	75%	75%	25%	25%	25%	25%	59 years	61 years
Strategic and Investment Committee	6	6	17%	17%	17%	17%	33%	33%	62 years	63 years

The composition of the Board of Directors was maintained at 15 members during the 2019 fiscal year.

The renewal of Directors' mandates that expired in 2019 and the appointment of Christian Delaire and Olivier Piani to replace Bertrand de Feydeau and Pierre Vaquier allowed the Board, with its 15 members, to maintain the balance sought in terms of the skills and expertise deemed necessary for the proper administration of the Company:

	Real Estate/ Hotels	Bank/Finance	Environment/CSR	Strategy and M&A	Experience in public companies	International experience
Jean Laurent		X	X	X	X	X
Leonardo Del Vecchio	X	X		X	X	X
Catherine Allonas Barthe	X	X		X	X	
Romolo Bardin	X	X		X	X	X
Delphine Benchetrit	X	X		X		X
Jean-Luc Biamonti	X	X		X	X	X
Christian Delaire	X	X		X	X	X
Sigrid Duhamel	X		X	X	X	X
Jérôme Grivet	X	X		X	X	x
Christophe Kullmann	X	X	X	X	X	X
Sylvie Ouziel			X	X	X	X
Olivier Piani	X		X	X	X	X
Patricia Savin	X		X	X		
Catherine Soubie	X	X		X	X	
Laurent Tollié	X	X		X	X	

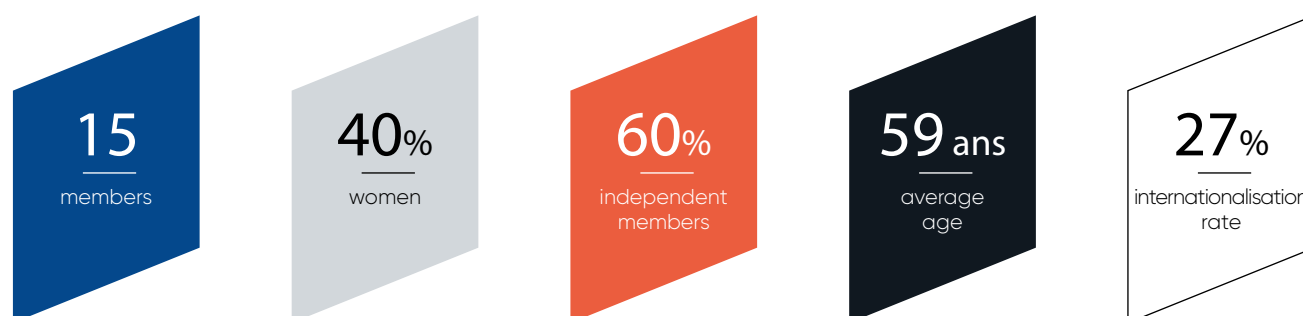
4.3.1.1.2. Changes in the proposed composition of the Board of Directors for the 2020 fiscal year

The resignation of Delphine Benchetrit at the close of the fiscal year 2019 and the expiry in April 2020 of the terms of office as Directors of Christophe Kullmann, Patricia Savin and Catherine Soubie have led the Appointments and Compensation Committee to examine changes in the composition of the Board of Directors.

At its meeting of 13 February 2020 and further to the opinion submitted by the Appointments and Compensation Committee, the Board of Directors:

- decided to renew the appointments as Director of Christophe Kullmann, Patricia Savin and Catherine Soubie and has decided to appoint Alix d'Ocagne as Director subject to ratification by the shareholders, in replacement of Delphine Benchetrit, who resigned
- performed a review of the independence criteria as applicable to Alix d'Ocagne, and considered that she could, subject to the approval of her ratification by the General Meeting of 22 April 2020, be considered as Independent Director with regard to compliance with all of the criteria set out in the Afep-Medef Code.

Impacts of changes in the composition of the Board of Directors subject to approval from the Combined General Meeting of 22 April 2020 of the aforementioned renewals and appointments of Directors



Summary of the skills and expertise of Alix d'Ocagne whose appointment is subject to ratification by the Combined General Meeting of 22 April 2020

	Real Estate/ Hotels	Bank/Finance	Environment/ CSR	Strategy and M&A	Experience in public companies	International experience
Alix d'Ocagne	X	X	X	X		

Identity sheets for of Alix d'Ocagne whose appointment is being proposed for ratification by the Combined General Meeting of 22 April 2020



Alix d'Ocagne

Age: 50 years old

Nationality: French

Professional address: 4, rue Saint-Florentin, 75001 Paris

Main position: CEO

Biography:

Alix d'Ocagne has a law degree from the University of Paris 1 Panthéon-Sorbonne and an Executive MBA from HEC. She has spent her entire career in the notary profession, specialising in real estate transactions for major accounts.

She worked for 25 years at the Cheuvreux law firm as an associate, partner, managing partner and president. She actively participated in the development of this law firm.

Number of shares held: None

Offices held within Covivio:

Independent Director

Date of appointment: 13 February 2020

Expiry of term of office: General Meeting of 2022 approving the annual financial statements for the fiscal year ended 31 December 2021

Other offices held within the Covivio group:

None

Offices held outside the Covivio group:

Chairman: DOCK75 SAS, SEGC SAS

Member of the Supervisory Board: Eukratos SAS

Director: Association B2X

Terms of office expired within the last five years:

Chairman: Cheuvreux SAS

Director: Fondation de la Croix Saint Simon

4.3.1.1.3. Profiles, experience and expertise of the non-executive corporate officers (information as at 31 December 2020) ⁽¹⁾



Mr. Jean Laurent

Age: 75 years old

Nationality: French

Professional address: 30, avenue Kléber, 75116 Paris

Main position: Chairman of the Board of Directors of Covivio

Biography:

Jean Laurent is a graduate of École Nationale Supérieure de l'Aéronautique (1967) and holds a Master of Science from Wichita State University. He has spent his entire career within the Crédit Agricole Group, initially in the Crédit Agricole branches in Toulouse, then in Loiret and in Paris Region where he held or supervised various roles in retail banking. He then joined Caisse Nationale du Crédit Agricole, first as Deputy General Manager (1993-1999), and then as Chief Executive Officer (1999-2005). In this capacity, he handled the IPO of Crédit Agricole SA (2001), then the acquisition and integration of Crédit Lyonnais in the Crédit Agricole group. Director of public companies, he was appointed Chairman of the Board of Directors of Covivio in 2011.

Number of shares held as at 31 December 2019: 575

Offices held within Covivio:

Chairman of the Board of Directors

Independent Director

Member of the Strategic and Investment Committee

Date of appointment: 31 January 2011

Date of renewal: 17 April 2015-17 April 2019

Expiry of term of office: General Meeting of 2023 approving the annual financial statements for the fiscal year ended 31 December 2022

Other offices held within the Covivio group:

None

Offices held outside the Covivio group:

None

Terms of office expired within the last five years:

Vice-Chairman of the Supervisory Board, Chairman of the Audit Committee and member of the Finance Committee: Eurazeo SA (public company – ended in 2017)

Director: Beni Stabili SpA SIIQ (foreign public company – until 31 December 2018)

Director, Lead Director, Chairman of the Appointments and Remunerations Committee: Danone SA (public company – until 26 April 2018)

⁽¹⁾ Including the information referred to in 12.1 of appendix 1 of the delegated Regulation (EU) 2019/980 on 14 March 2019.



Mr. Leonardo Del Vecchio

Age: 84 years old
Nationality: Italian

Professional address: 24, avenue Princesse – Grace,
Le Roccabella, 98000 Monaco

Main position: Chairman and Chief Executive Officer of Luxottica Group SpA and Chairman and Chief Executive Officer of EssilorLuxottica SA

Biography:

Leonardo Del Vecchio is the founder of the Luxottica Group, a world leader in the design, manufacturing and distribution of eyewear, which has been listed on the New York Stock Exchange since 1990. He was the Chairman of the company's Board of Directors since its creation in 1961 and was appointed Chairman and Chief Executive Officer on 29 January 2016. Following the completion of the strategic merger of Essilor and Luxottica, he was appointed Chairman and Chief Executive Officer of EssilorLuxottica SA.

In 1986, Leonardo Del Vecchio was also appointed Cavaliere dell'Ordine al "Merito del Lavoro" (Knight of the Italian order of merit in industry), an award granted by the President of the Italian Republic.

Number of shares held as at 31 December 2019: 1

Offices held within Covivio:

Director
Vice-Chairman of the Board of Directors
Chairman of the Strategic and Investment Committee

Date of appointment: 31 January 2011

Date of renewal: 17 April 2015–17 April 2019

Expiry of term of office: General Meeting of 2023 approving the annual financial statements for the fiscal year ended 31 December 2022

Other offices held within the Covivio group:

None

Offices held outside the Covivio group:

Director and Chairman: Delfin SARL (foreign company), Aterno SARL (foreign company), Fondazione Leonardo Del Vecchio (foundation)

Chairman and Chief Executive Officer: Luxottica Group SpA (foreign public company), EssilorLuxottica (public company – since 2 October 2018)

Terms of office expired within the last five years:

Director: Beni Stabili SpA SIIQ (foreign public company – until 31 December 2018), GVI Holding SpA (foreign company)

ACM VIE SA

Strasbourg Trade and Companies Register TI 332 377 597
4, rue Frédéric-Guillaume-Raiffeisen, 67000 Strasbourg

Number of shares held as at 31 December 2019: 6,624,678

Offices held within Covivio:

Director

Date of appointment: 31 January 2011

Date of renewal: 17 April 2015–19 April 2018

Expiry of term of office: General Meeting of 2022 approving the annual financial statements for the fiscal year ended 31 December 2021

Other offices held within the Covivio group:

Member of the Supervisory Board: Covivio Hotels SCA (public company)

Offices held outside the Covivio group:

Director: Sérénis Assurances SA, ACM GIE, Assurances du Crédit Mutuel Services SA, Foncière Massena SA, Agrupacio AMCI de Seguros y Reaseguros SA (formerly known as AMGEN Seguros Generales SAU), AMGEN Seguros Generales S.A.U., GACM Espagne SA, Valinvest Gestion

Member of the Supervisory Board: SCPI CMCIC Pierre Investissement, SCPI Crédit Mutuel Pierre 1, SCPI Selectipierre 1, SCPI Logipierre 1, SCPI Logipierre 3

Terms of office expired within the last five years:

Member of the Supervisory Board: Foncière Massena SCA (change of form in 2015), SCPI Ouest Pierre Investissement (ended in 2017)

Director: Foncière des 6^e et 7^e arrdts de Paris SA (public company – merged in 2015), Serenis Vie SA (merged in 2016), ACMN IARD (ended in 2016), Partners Assurances SA (foreign company – ended in 2017)

**Ms Catherine Allonas Barthe**

Age: 64 years old

Nationality: French

Professional address: 94/96, boulevard Haussmann, 75008 Paris

Main position: Deputy Manager of ACM Vie SA

Biography:

Catherine Allonas Barthe has a Master's degree in mathematics. She is a graduate of École Nationale de la Statistique et de l'Administration Économique (ENSAE), and has served as Chief Financial Officer of Assurances du Crédit Mutuel since 2003. In addition, she is Chief Executive Officer of ACM Vie Mutuelle. Previously, Catherine Allonas Barthe served as Chief Financial Officer of SOCAPI, a subsidiary of the CIC banks, from 1992 to 2003.

Number of shares held as at 31 December 2019: None

Offices held within Covivio:

Permanent representative of ACM Vie, Director
Member of the Strategic and Investment Committee

Date of appointment: 31 January 2011

Date of renewal: 17 April 2017- 19 April 2018

Expiry of term of office: General Meeting of 2022 approving the annual financial statements for the fiscal year ended 31 December 2021

Other offices held within the Covivio group:

None

Offices held outside the Covivio group:

Member of the Executive Board, Deputy Executive Officer: Groupe des Assurances du Crédit Mutuel SA

Chief Executive Officer: Assurances du Crédit Mutuel Vie SAM

Deputy General Manager: Assurances du Crédit Mutuel Vie SA

Chairman of the Board of Directors: Foncière Masséna SA

Chairman: Mutuelles Investissement SAS

Permanent representative of BFCM, Director: CIC SA

Permanent representative of ACM Vie SAM, Director: GIE ACM

Permanent representative of ACM Vie SA, Director: Serenis Assurances SA, Valinvest Gestion SICAV

Permanent representative of Groupe des Assurances du Crédit Mutuel SA, Director: GACM Espagne SA

Permanent representative of CIC Associés, Director: CM Investment Managers

Permanent representative of Placinvest, Director: CM Asset Management
General Manager: ACM SCI

Terms of office expired within the last five years:

Director: CIC SA (public company – ended in 2017)

Permanent representative of ACM Vie SA, Director: Foncière de Paris (public company – ended in 2015)

President: Masséna Property SAS (merged in November 2015)

Permanent representative of Adepi SA, Director: CM-CIC Asset Management SAS (ended in 2019), CM Investment Managers (ended in 2019)

Permanent representative of Placinvest, member of the Supervisory Board: CM-CIC Investissement SA (ended in 2018)



Mr. Romolo Bardin

Age: 41 years old

Nationality: Italian

Professional address: 7, rue de la Chapelle, L-1325 Luxembourg

Main position: Deputy Manager of Delfin SARL

Biography:

Romolo Bardin is a graduate of Business Management at Ca' Foscari University in Venice. He is Deputy Manager of Delfin SARL. Prior to that he held positions at Sunglass Hut Europe in London, and Luxottica Group in Italy.

Number of shares held as at 31 December 2019: 4,176

Offices held within Covivio:

Director

Member of the Strategic and Investment Committee

Member of the Audit Committee

Date of appointment: 17 April 2015 ⁽¹⁾

Date of renewal: 19 April 2018

Expiry of term of office: General Meeting of 2022 approving the annual financial statements for the fiscal year ended 31 December 2021

Other offices held within the Covivio group:

None

Offices held outside the Covivio group:

Deputy Manager: Delfin SARL (foreign company)

Member of the Board of Directors, member of the Risk and Oversight Committee and member of the Related-Party Agreements Committee: Assicurazioni Generali S.p.a (foreign public company),

Member of the Board of Directors, member of the Risk and Oversight Committee and Member of the Appointments and Remunerations Committee: EssilorLuxottica (public company – since 2 October 2018)

Member of the Board of Directors and Chairman and Chief Executive Officer of foreign companies: Aterno SARL, DFR Investment SARL, Immochapelle SA, Vast Gain SARL

Member of the Board of Directors of foreign companies : Fondazione Leonardo Del Vecchio (fondation), Luxair SA

Terms of office expired within the last five years:

Permanent representative of Aterno, Director: Covivio SA (public company – ended in 2015)

Member of the Board of Directors: Molmed SpA (foreign public company – ended in 2014), Acciaitalia S.p.a. (foreign company – ended in 2017)

Member of the Board of Directors and Chairman and Chief Executive Officer: DFR Holding SARL (ended in 2017), Redfern SARL (ended in 2017), Delfin Finance SA (ended in 2019)

Manager: Batistica SARL (until 29 October 2018), Covivio Berlin I SARL (until 29 October 2018), Covivio Berlin V SARL (until 29 October 2018), Covivio Lux Residential SARL (until 29 October 2018), Covivio Berlin Prime SARL (until 29 October 2018), Berlin Prime Commercial SARL (until 29 October 2018), Covivio Valore 4 SARL (until 29 October 2018), Covivio Valore 6 SARL (until 29 October 2018)

Member of the Risks and Control Committee: Assicurazioni Generali S.p.a Public company – until 2019

Chief Executive Officer: Fondazione Leonardo Del Vecchio (foundation – ended in 2019)

(1) It being specified that Romolo Bardin was the permanent representative of Aterno, Director since 31 January 2011.

**Mr. Jean-Luc Biamonti**

Age: 66 years old

Nationality: Monegasque

Professional address: 8, rue du Gabian, MC 98000 Monaco, Principauté de Monaco

Main position: Deputy Chairman of Société des Bains de Mer Monaco

Biography:

Holder of an MBA from Columbia University and a graduate of ESSEC, Jean-Luc Biamonti joined Goldman Sachs as an investment banker and held various offices there for 16 years. As a partner in the firm, he was responsible for banking business in France and for coverage of the distribution and mass market consumer goods industry in Europe. After having left the bank in 2008, he founded Calcium Capital and developed an SME investment business via this group.

Since January 2013, he has been Deputy Chairman of Société des Bains de Mer Monaco, where he has been a Director since 1985 and Chairman of the Board of Directors since 1995.

Number of shares held as at 31 December 2019: 460

Offices held within Covivio:**Independent Director****Member of the Audit Committee****Chairman of the Appointments and Compensations Committee****Date of appointment:** 31 January 2011**Date of renewal:** 17 April 2015–26 April 2017

Expiry of term of office: General Meeting of 2021 approving the annual financial statements for the fiscal year ended 31 December 2020

Other offices held within the Covivio group:

None

Offices held outside the Covivio group:

Director, Chairman of the Board of Directors and Deputy Chairman: Société des Bains de Mer Monaco SA (S. B. M. – foreign public company)

Director: S.F.E.**Chairman:** S. B. M. USA Inc.**Permanent representative of S. B. M., Director:** S. H. L.**Chairman of the Board Committee:** Betclic Everest Group**Terms of office expired within the last five years:**

President of the Appointments and Compensation Committee: Covivio (listed company – until 17 April 2019)

COVÉA COOPÉRATIONS

Le Mans Trade and Companies Register 439 881 137

14, boulevard Marie-et-Alexandre-Oyon, 72030 Le Mans

Number of shares held as at 31 December 2019: 528

Offices held within Covivio:**Director****Date of appointment:** 17 February 2016**Date of renewal:** 17 April 2019

Expiry of term of office: General Meeting of 2023 approving the annual financial statements for the fiscal year ended 31 December 2022

Other offices held within the Covivio group:

None

Offices held outside the Covivio group:

Director: Assurland.com SA, AZ Plus SA, Caja de Seguros Reunidos – Compania de Seguros y Reaseguros SA (CASER – foreign company), Carma SA, Covéa Lux, Covéa Protection Juridique SA, Gespre Europe SA, GMF Assurances SA, MAAF Assurances SA, MAAF Vie SA, MMA IARD SA, MMA Vie SA

Deputy director: Covéa Agora GIE**Chairman of the Strategy Committee:** CAT.SA SAS**General Manager:** CAT.SA SAS, Cesvi France SAS**Member:** Cibail GIE**Terms of office expired within the last five years:**

Director: AZ Plus SA (ended in 2015), Covéa Caution SA (ended in 2015), E-Santé SA (ended in 2014), Eurosic SA (public company – ended in 2017), Le Mans Conseil SA (ended in 2015), Lybernet Assurances SA (ended in 2018)

Member of the Supervisory Board: Covéa Fleet SA (ended in 2015), Covéa Risks SA (ended in 2015), Fincorp SAS (ended in 2015)

Member of the Investments Committee: Eurosic SA (public company – ended in 2017)

Member of the Sustainable Development Committee: Eurosic SA (public company – ended in 2017)

Member of the Supervisory Board: Covéa Immobilier Support GIE (ended in 2019)



Laurent Tollié

Age: 56 years old

Nationality: French

Professional address: 86, rue Saint-Lazare, CS 10020, 75009 Paris

Main position: Chief Investment Officer at Covéa

Biography:

Polytechnicien (holding a diploma in civil engineering) a graduate of ENSAE and Actuary (IAF), Laurent Tollié started his career in 1990 as a statistical studies manager responsible for management control at GMF. In 1994 he was appointed Technical Director at GMF, then Technical Director and IT Director of AZUR-GMF, while serving as a member of the Executive Committee of the AZUR-GMF Group.

In 2006, he was appointed Deputy Chief Insurance Officer at GMF and became a member of the Covéa General Management Committee, and then a member of Covéa's Executive Committee. In July 2013, he was appointed General Manager of GMF Assurances. Since¹ January 2018, he has served as Chief Investment Officer at Covéa and Chief Executive Officer at Covéa Coopérations.

Number of shares held as at 31 December 2019: None

Offices held within Covivio:

Permanent Representative of Covéa Coopérations, Director

Member of the Strategic and Investment Committee

Date of appointment: 1 January 2018

Date of renewal: 17 April 2019

Expiry of term of office: General Meeting of 2023 approving the annual financial statements for the fiscal year ended 31 December 2022

Other offices held within the Covivio group:

None

Offices held outside the Covivio group:

Chief Executive Officer: Covéa Coopérations SA

Deputy General Manager: Covéa Protection Juridique SA, Fidélia Assistance SA, GMF Assurances SA, GMF Vie SA, La Sauvegarde SA, MAAF Assurances SA, MAAF Vie SA, MMA Iard SA, MMA Vie SA

Chairman of the Supervisory Board: Covéa Finance SAS, Covéa Immobilier SAS

Representative of MMA Vie, Director: Cibail GIE

Terms of office expired within the last five years:

Chairman of the Board of Directors: GMF Vie (ended in 2015), AGSI GIE (ended in 2015), Groupement de Fournitures et de Moyens Informatiques GIE (ended in 2015), Téléassurances SA (ended in 2018)

Chief Executive Officer: GMF Assurances SA (ended in 2018)

Chairman and Chief Executive Officer: La Sauvegarde SA (ended in 2018)

Deputy General Manager: Assistance Protection Juridique SA (ended in 2018)

Director and Vice-Chairman: DreamIt Fondation partenariale (ended in 2015)

Director: UGM Défense Sécurité (ended in 2018),

Representative of Assistance Protection Juridique SA, Director: GMF Vie SA (ended in 2018)

Representative of GMF Assurances SA, Director: Cibail GIE (ended in 2018), Covéa Immobilier Support GIE (ended in 2018)

Representative of GMF Assurances SA, Member of the Supervisory Committee: Covéa Finance SAS (ended in 2018), Covéa Immobilier SAS (ended in 2018)

Representative of La Sauvegarde SA, Director: Assistance Protection Juridique SA (ended in 2018), Fidélia Assistance SA (ended in 2018), Fidélia Services SA (ended in 2018), AGSI GIE (ended in 2018)

Representative of Assurances Mutuelles de France, Director: Groupement de Fournitures et de Moyens Informatiques GIE (ended in 2018)

Representative of Garantie Mutuelle des Fonctionnaires, Director: GMF Assurances SA (ended in 2018)

Representative of MMA Vie, Director: Covéa Immobilier Support GIE (ended in 2019)

**Mr. Christian Delaire**

Age: 52 years old

Nationality: French

Professional address: 40, avenue George-V, 75008 Paris

Main position: Senior Advisor at Foncière Atland

Biography:

Christian Delaire is a graduate of ESSEC. He built his career around finance and real estate. After having occupied several positions at AXA Real Estate, he was appointed Chief Investment Officer of AXA Real Estate in 2006. He then undertook the following positions: Chief Executive Officer at AEW Europe from 2009 to 2014 and Chief Executive Officer at Generali Real Estate from 2014 to 2016. His ambition to evolve toward the non executive part of the business led him to leave Generali in order to join Foncière Atland (listed company of the Atland group dedicated to investments and asset management) as a senior counsel. He is also Independent Director of CEREIT since 2017 and Atenor since 2018.

Offices held outside the Covivio group:**Managing Director:** CDE Advisors SARL**Director:** CEREIT SA (listed foreign company), Atenor SA (listed foreign company)**Terms of office expired within the last five years:****Chief Executive Officer:** Generali Real Estate (ended in 2016)**Chairman:** Generali Real Estate SGR (foreign company – ended in 2016), CityLife (foreign company – ended in 2016)**Number of shares held as at 31 December 2019:** 26**Offices held within Covivio:****Independent Director****Member of the Audit Committee****Date of appointment:** 17 April 2019**Expiry of term of office:** General Meeting of 2023 approving the annual financial statements for the fiscal year ended 31 December 2022**Other offices held within the Covivio group:**

None



Ms Sigrid Duhamel

Age: 54 years old

Nationality: French and Danish

Professional address: 167, quai de la Bataille-de-Stalingrad, 92867 Issy-les-Moulineaux

Main position: Chairman of the Management Board of BNP Paribas REIM France

Biography:

Sigrid Duhamel has been Chairman of the Management Board of BNP Paribas REIM France since 29 September 2017. Previously, she was Chairwoman of CBRE Global Investors France. After graduating from ESTP in 1990, she joined Bouygues Construction and spent four years managing major industrial renovation and construction projects.

She then earned an MBA at INSEAD and joined the US group, United Technologies, where she spent three years managing mergers and acquisitions. After four years' experience in executive recruitment at Eric Salmon & Partners, in 2005, she moved into the real estate business at Tishman Speyer in London, where she spent four years in charge of business development in Europe. In 2008, she joined Carrefour Property, where she was international portfolio Director for three years, before joining the PSA Peugeot Citroën Group in June 2011 as Real Estate Director.

Number of shares held as at 31 December 2019: 252

Offices held within Covivio:

Independent Director

Member of the Audit Committee

Date of appointment: 28 April 2014

Date of renewal: 19 April 2018

Expiry of term of office: General Meeting of 2022 approving the annual financial statements for the fiscal year ended 31 December 2021

Other offices held within the Covivio group:

None

Offices held outside the Covivio group:

Chairman and member of the Management Board: BNP Paribas REIM France SA

Director, member of the Strategy Committee and of the Audit Committee: CNIM (public company)

Director, member of the Executive Committee: BNP Paribas REIM Italie

Governing Trustee: ULI (Urban Land Institute)

Chairman of the Board of Directors, Director: Technical Property Fund 2 SPPICAV SA, BNP Paribas Diversipierre SPPICAV SA

Terms of office expired within the last five years:

Member of the Supervisory Board: SA Selectirente (public company – ended in 2017)

Chairman: ULI (Urban Land Institute) France (association – ended in 2016)

Director: Association des Directeurs Immobiliers (ADI) – ended in 2015

**Ms Sylvie Ouziel**

Age: 49 years old

Nationality: French

Professional address: 1 Harbourfront Avenue # 17 – 01 Keppel Bay Tower – 098632 Singapour

Main position: Chairman of International Envision Digital**Biography:**

Since 2016, Sylvie Ouziel has been Global CEO of Allianz Assistance (known in France under the brand Mondial Assistance) and CEO Asia Pacific of Allianz Partners. Sylvie Ouziel is a Centrale Paris graduate who was previously Chairwoman and Chief Executive Officer of Allianz Managed Operations & Services (Amos), a shared services entity established by Allianz to develop synergies between various subsidiaries. She previously held the position of Assistant General Manager World at Accenture Management Consulting (formerly Andersen Consulting), where she started her career, and where she occupied various leadership posts over 20 years affording her heavy exposure to the international scene.

Number of shares held as at 31 December 2019: 449**Offices held within Covivio:****Independent Director****Member of the Audit Committee****Date of appointment:** 24 April 2013**Date of renewal:** 26 April 2017**Expiry of term of office:** General Meeting of 2021 approving the annual financial statements for the fiscal year ended 31 December 2020**Other offices held within the Covivio group:**

None

Offices held outside the Covivio group:

None

Terms of office expired within the last five years:**Global CEO Assistance and CEO Asia Pacific:** Allianz Worldwide Partners**Member of the Board:** AMOSA (Amos of America – foreign company)**Chairman and Chief Executive Officer:** Allianz Managed Operations & Services (Amos – foreign company)**Member of the Board of Directors:** AWP Health & Life, AWP P&C**Member of the Supervisory Board:** M6 Métropole TV (public company)**Olivier Piani**

Age: 65 years old

Nationality: French

Professional address: 91 bis, rue du Cherche-Midi, 75006 Paris

Main position: Chairman of OP Conseils**Biography:**

Olivier Piani is a graduate of the European business school, ESCP and holds an MBA from Stanford University. He has more than 30 years of experience in real estate. After 13 years at Groupe Paribas, he joined UIC-Sofal as Chief Executive Officer to restructure and sell the company. He joined GE Capital Real Estate in 1998, where he held the position of Chairman and Chief Executive Officer of GE Real Estate Europe from 2002 to 2008 and successfully grew the company and its pan-European real estate portfolio. He was also Chairman and Chief Executive Officer of Allianz Real Estate from 2008 to 2015. In 2016, he decided to found OP Conseils, a real estate and finance consulting firm. He has also been the principal consultant and Chairman of the Investment Committee of Adrian Real Estate since 2016.

Number of shares held as at 31 December 2019: 1**Offices held within Covivio:****Independent Director****Member of the Audit Committee****Date of appointment:** 17 April 2019**Expiry of term of office:** General Meeting of 2023 approving the annual financial statements for the fiscal year ended 31 December 2022**Other offices held within the Covivio group:**

None

Offices held outside the Covivio group:**Director:** Prologis (foreign listed company), Grosvenor Europe (foreign company), Yam Invest (foreign company)**Terms of office expired within the last five years:**

None

PREDICA

Paris Trade and Companies Register 334 028 123
50/56, rue de la Procession, 75015 Paris

Number of shares held as at 31 December 2019: 6,681,491

Offices held within Covivio:

Director

Date of appointment: 31 January 2011

Date of renewal: 17 April 2015– 26 April 2017

Expiry of term of office: General Meeting of 2021 approving the annual financial statements for the fiscal year ended 31 December 2020

Other offices held within the Covivio group:

Member of the Supervisory Board: Covivio Hotels SCA (public company)

Director: B2 Hotel Invest OPPCI

Offices held outside the Covivio group:

Director: AEW Immo commercial OPCI, CAA Commerces 2 OPCI, Aéroport de Paris SA (public company), Gecina SA (public company), Previsio Obsèques SA, La Médicale de France SA, CAAM Mone Cash SICAV, Korian SA (public company), Frey SA (public company), Lesica, Messidor OPCI, Fonds Nouvel Investissement 1 SICAV, Fonds Nouvel Investissement 2 SICAV, Patrimoine et Commerce SCA (public company), Carmila (public company), B Immobilier, Semmaris, Argan (public company), Fonds Stratégique de Participations SICAV

Member of the Supervisory Board: Altarea SCA (public company), Effi-Invest I SCA, Effi-Invest II SCA, CA Grands Crus SAS, Sopresa SA, Interfimo SA, Preim Healthcare

Non-voting member of the Board of Directors: Siparex Associés SA, Tivana France Holding SAS

Co-General Manager: Predicare SARL

Chairman: Prédi Rungis

Terms of office expired within the last five years:

Member of the Supervisory Board: Effi Invest I SCA (ended in 2018)

General Manager: Citadel SAS, Citadel Holding SAS

Director: River Ouest OPCI (ended in 2019) République (ended in 2017), Foncière Développement Logements – FDL (ended in 2017), Sanef (public company – ended in 2018), Ramsay Générale de Santé SA (public company – ended in 2018), Eurosic SA (ended in 2017), Louvresses Development I SAS (ended in 2018), CA Life Greece SA (foreign company – ended in 2018)



Jérôme Grivet

Age: 57 years old

Nationality: French

Professional address: 12, place des États-Unis, 92120 Montrouge

Main function: Assistant General Manager of Crédit Agricole SA in charge of the Group Finance division

Biography:

Jérôme Grivet is a graduate of ESSEC, the Paris Institute of Political Sciences (Sciences Po), and of ENA. He spent his early career in administration (general inspection of finances, advisor to the Prime Minister for European Affairs) and went on to join Crédit Lyonnais in 1998, first as Financial Director of the retail banking business in France, and then as Director of Strategy. He was Deputy General Manager of Calyon from 2007 to 2010. From 2010 to 2015, he served as Chief Executive Officer of Crédit Agricole Assurances and Chief Executive Officer of Predica. He is a member of the Executive Committee of Crédit Agricole SA. Since 21 May 2015, he has been serving as Assistant General Manager of Crédit Agricole SA responsible for the Group Finance Division.

Number of shares held as at 31 December 2019: None

Offices held within Covivio:

Permanent representative of Predica, Director

Member of the Strategic and Investment Committee

Member of the Appointments and Compensations Committee

Date of appointment: 31 January 2011

Date of renewal: 17 April 2015– 26 April 2017

Expiry of term of office: General Meeting of 2021 approving the annual financial statements for the fiscal year ended 31 December 2020

Other offices held within the Covivio group:

None

Offices held outside the Covivio group:

Assistant General Manager in charge of the Group Finance Division and member of the Executive Committee and of the Management Committee: Crédit Agricole SA (public company)

Director: Crédit Agricole Assurances SA, Korian SA (public company), CACEIS SA, CACEIS Bank France SA

Member of the Supervisory Board and member of the Audit and Accounts Committee: Fonds de Garantie des Dépôts

Director, member of the Audit and Accounts Committee and member of the Investment Committee: Nexity SA (public company)

Terms of office expired within the last five years:

Chairman: CA Life Greece SA (foreign company)

Permanent Representative of Predica, Chairman: Fonds Stratégique de Participations (SICAV)

Director, Chairman of the Board of Directors: Spirica SA

Vice-Chairman: BES Vida

Chief Executive Officer: Crédit Agricole Assurances SA, Predica SA

Director: Icade SA (public company), Caagis SAS, Crédit Agricole Vita SpA (foreign company), Pacifica SA, CA Indosuez Private Banking, CA Cheuvreux, Cedecam, Ubaf, Newedge Group, LCL Obligation Euro

Deputy General Manager, member of the Executive Committee: Calyon

Managing Director: CLSA BV, Sticking CLSA Foundation

Permanent representative of Calyon, Director: Fletirec

Permanent representative of Predica, Director: Siparex Associés, La Médicale de France

Permanent representative of Crédit Agricole Assurances SA, Director: Caci SA

Permanent representative of Predica, member of the Supervisory Board: CA Grands Crus SAS, Cape

Chairman and Chief Executive Officer, Director: Mescas

General Manager: SNGI, CA Assurances Italie Holding, Dolcea Vie

Non-voting member of the Board: Aéroports de Paris, CA Immobilier, La Médicale de France SA

**Ms Patricia Savin**

Age: 53 years old

Nationality: French

Professional address: 6, rue Duret, 75116 Paris

Main position: Partner at DS Avocats**Biography:**

A graduate of Institut de Droit Public des Affaires (IDPA), and a lawyer registered with the Paris Bar, Patricia Savin holds a PhD in private law from IHEDN (Economic Intelligence Session). A Partner at DS Avocats, she co-manages the Environment and Sustainable Development Department where she is specifically tasked with cases involving logistics, polluted soils and sustainable urban environments. Patricia Savin is a member of the Council on Biodiversity and COPIL on circular economy in the French Ministry on the Environment. As Chairwoman of the Orée association and the Environment and Sustainable Development Commission of the French Bar Association (Ordre des Avocats de Paris), she is regularly consulted by the Ministries of Ecology and Justice on the draft texts under discussion. Before joining DS Avocats, Patricia practised law with the firms Moquet Borde (which has since become Paul Hastings) and then Pardieu Brocas, before acting as co-head of the law firm Savin Martinet Associés between 2001 and 2015. She was elected member of the French National Bar Council, of which she was Secretary General for the 2010-2013 period.

Number of shares held as at 31 December 2019: 187**Offices held within Covivio:****Independent Director****Member of the Audit Committee****Date of appointment:** 27 April 2016**Expiry of term of office:** General Meeting of 2020 approving the annual financial statements for the fiscal year ended 31 December 2019**Other offices held within the Covivio group:****None****Offices held outside the Covivio group:****Chairman:** OREE (association)**Terms of office expired within the last five years:****None****Ms Catherine Soubie**

Age: 54 years old

Nationality: French

Professional address: 137, rue de l'Université, 75007 Paris

Main position: Chief Executive Officer of Arfilia**Biography:**

A graduate of ESCP Europe, Catherine Soubie started her career in 1989 at Lazard in London then in Paris. She subsequently held various posts at Morgan Stanley in Paris, before becoming Assistant General Manager of Rallye, from 2005 to 2010. In 2010, Catherine Soubie joined Barclays where she was, until 2016, Managing Director in charge of Investment Banking France-Belgium-Luxembourg. She is today the Chief Executive Officer of Arfilia and also independent director on the Boards of Directors of Korian and Sofina.

Number of shares held as at 31 December 2019: 686**Offices held within Covivio:****Independent Director****Chairman of the Appointments and Compensations Committee****Date of appointment:** 27 April 2016**Expiry of term of office:** General Meeting of 2020 approving the annual financial statements for the fiscal year ended 31 December 2019**Other offices held within the Covivio group:****None****Offices held outside the Covivio group:****Chief Executive Officer:** Arfilia, Alixio, Taddeo**Director, Chairwoman of the Audit Committee and Chairman of the Appointments and Compensations Committee:** Korian SA (public company)**Director and member of the Remunerations Committee:** Sofina SA (public company)**Chairwoman:** Financial Verbateam, Verbateam**Terms of office expired within the last five years:****Managing Director, Head of Banking France & Belgium – Luxembourg:** Barclays

4.3.1.2. Methods of organisation and operation of the Board of Directors

4.3.1.2.1. General management method

Since 31 January 2011, Covivio has been organised according to a one-tier board system, with a Board of Directors which, at its meeting on the same date, decided to separate the functions of Chairman and Chief Executive Officer.

This structure ensures a clear distinction between the Chairman's duty, which consists of ensuring the proper functioning of the Board of Directors, and the operational and executive functions for which General Management is responsible. The appointment, in 2012, of the Chief Executive Officer as a Director has allowed him to be involved, in the same way as the other Directors, in defining and making decisions relating to Company strategy, which he is responsible for implementing.

The composition of the governance bodies and the diversity of expertise of the members of the Board are a guarantee to shareholders and the market that the missions of the Board are carried out with the necessary independence and objectivity.

4.3.1.2.2. Role of the Chairman of the Board of Directors

The Board of Directors is chaired by Jean Laurent, appointed to this position on 31 January 2011 and renewed on 17 April 2015 and 17 April 2019 for the duration of his term of office as Director.

He represents the Board of Directors, working in close coordination with the Chief Executive Officer. He acts and speaks on its behalf and oversees the organisation of the Board of Directors and its committees, as well as ensures that they are working smoothly. Discussions with the Chief Executive Officer prior to Board meetings help to strengthen the operations of the Board and the efficiency of its meetings. He ensures that all Directors are always kept fully notified of any information complete and relevant to the implementation of the strategy. He leads the Board's discussions and helps to summarise its views. In close coordination with the initiatives implemented in these matters by General Management, the Chairman ensures that the quality of the Board's relationships with the Company's shareholders, major partners and customers of the Group as well as with public authorities, institutional and regulatory authorities, the media and investors deemed to be economic players, are maintained. The Chairman may, further to a delegation from the Board of Directors, be responsible for shareholders' relations with the Board, notably on subjects of corporate governance, and, if applicable, give an account thereto of his assignment. He also presides over the Company's General Meetings and participates in the oversight of the governance of the Company's subsidiaries. Moreover, he oversees the proper functioning of the audit and risk management bodies.

The Chairman provides the Chief Executive Officer and the Deputy Managing Directors with help and advice on designing and implementing the strategy, whilst not infringing on the latter's executive responsibilities. At the request of the Chief Executive Officer and/or of the Deputy Managing Directors, he can attend internal meetings with the Company's primary executives and teams to provide clarifications on strategic issues. He also helps to promote the image and values of Covivio, both within and outside the Group.

As non-executive Chairman, he attends meetings of the Appointments and Compensation Committee as a guest and participates in the process of recruiting new Directors. He also provides his vision and knowledge of the in-house teams when succession plans are being established.

In 2019, Jean Laurent chaired all meetings of the Board of Directors and attended in all of the meetings of the Strategic and Investment Committee, of which he is a member. He also met with individual Directors during the year and met several times with the members of the Company's Management Committee.

4.3.1.2.3. Missions of the Board of Directors

The Board of Directors gives its opinion on all decisions relating to major strategic, economic, social and financial issues for the Company and oversees their implementation by General Management. The Board focuses on the creation of value over the long term, in consideration of the social and environmental impacts in accordance with its corporate Purpose adopted by the Board of Directors on 21 November 2019. Subject to the powers expressly reserved for General Meetings of Shareholders and within the limits of the corporate purpose, the Board of Directors may seize any question affecting the operation of the Company and govern its business through its deliberations. The Board carries out any controls and verifications it may deem appropriate, notably controls regarding the management of the Company.

If a material investment or disposal is being considered, the Board and General Management assess the strategic interest of such transaction and ensure that the process is conducted in accordance with the best interests of the Company. The Company may, on this basis, set up an *ad hoc* committee. Moreover, in addition to the operations already listed in the Internal Regulations that specifically require the Board's prior authorisation, any material operation requires prior authorisation by the Board of Directors. Further details are given in section 4.3.1.5.4. below on the limitations to the powers of the Chief Executive Officer and Deputy General Managers.

The Board is responsible for approving all investments and transactions, notably relating to a sale or disposal, whose value exceeds €100 million. In connection with the strategy it has designed, it examines the financial, legal, operational, social and environmental risks and opportunities as well as the measures adopted accordingly. If necessary, it guarantees the implementation of a range of measures for preventing and detecting corruption and trafficking in influence. It is also responsible for ensuring that all executive officers are implementing a non-discrimination and diversity policy, notably with regard to the gender balance within governing bodies.

The Board is also kept informed of changes in the market and competitive environment and of any significant events in the domain of corporate, social and environmental responsibility for the Company. Furthermore, it receives regular updates on the financial situation, cash flow situation, and commitments of the Company. It is the Board's responsibility to approve the Company's financial communication policy and to oversee its relevance and quality.

The Board also defines whether the General Management of the Company is assumed by the Chairman or by another physical person who may or may not be a Director, appointed by the Board and with the title of Chief Executive Officer, and provides the reasons for its decision. On this basis, the Board appoints the corporate officers tasked with running the Company. The Board may appoint a lead director from among the independent directors, notably when the decision has been made not to split the role of Chairman and Chief Executive Officer. With regard to the split of the roles currently in force, the Board has set the limitations to the powers of the Chief Executive Officer and the Deputy General Managers. The Board of Directors may also appoint one or more Non-voting members (natural persons or legal entities) and a Vice Chairman.

The Board implements the authorisations and delegations of powers and competence conferred upon it by the General Meeting and decides whether or not to approve the related-party agreements referred to it.

The Board of Directors defines the compensation policy of the corporate officers upon recommendation of the Appointments and Compensation Committee: in this respect, the Board sets the terms of allocation of the compensation granted to the Directors and it sets the amount and the methods used for the calculation and payment of the Chairman's remuneration, if applicable, and determines and sets out the reasons underlying its decisions in relation to the remuneration paid to the Chief Executive Officer and the Deputy General Managers, which are set out in section 4.3.2.2.2. below.

The Board approves the annual and half-year financial statements and the forward-looking management documents and convenes General Meetings.

Each year, prior to publication of the Universal Registration Document, the Board examines on a case-by-case basis the situation of each of the Directors and then discloses to the shareholders the results of this examination in order for the independent Directors to be identified.

Finally, it ensures that shareholders and investors receive relevant, balanced and instructive information on the Company's strategy, development model, consideration of significant non-financial concerns, as well as its long-term outlook.

4.3.1.2.4. Composition of the Board of Directors

4.3.1.2.4.1. Diversity policy

Each year, in the context of the review of its composition and of the renewal and/or appointment proposals submitted for approval to the annual General Meeting, the Board of Directors questions the desired balance of its composition and of the governance committees set up, notably in terms of diversity. Its aim at all times is to improve gender balance, the independence of its members, the range of skills, expertise, international experience, ages and geographical origins amongst members in order to provide shareholders with a guarantee that all assignments are being performed with the necessary independence and objectiveness.

Areas of skill	Board of Directors (15 members)
Real Estate/Hotels	13 directors
Bank/Finance	11 directors
Environment/CSR	6 directors
Strategy and M&A	15 directors
Experience in public companies	13 directors
International experience	10 directors

These skills are described in detail in section 4.3.1.1.1. together with the Directors' biographies as presented in sections 4.3.1.1.3. and 4.3.1.5.2 which also set out the experience and area of expertise of each individual Director.

Given the items set out above and with regard to the diversity policy implemented by the Company, the Board of Directors considers that its composition for the fiscal year 2019 is relevant and that the changes to be put to the General Meeting on 22 April 2020 (as set out in sections 4.3.1.1.2.), in the context of the terms of office about to expire and of the ratification of the appointment of Alix d'Ocagne, will further reinforce the equilibrium sought.

This diversity, which is a source of dynamism and high performance, provides a guarantee of the quality of the debates and decisions of the Board and contributes to the efficiency of the work carried out by the Committees.

To achieve this, the Board of Directors has put in place a policy regarding the composition of the governance bodies aimed at:

- achieving a gender balance among members of the Board
- bringing together the skills necessary for the development and implementation of the Company's strategy
- securing continuity within the Board via the regular renewal of appointments limited to 4 years on an overlapping basis
- having a high percentage of independent members, providing a guarantee an independence of judgment
- promoting a wide range of skills and experience.

The Board of Directors oversees all changes in its composition and, to the extent possible, in the composition of its Committees to ensure compliance with this policy.

Concerning gender representation, the Board of Directors has noted that there has been a marked increase in the percentage of women on the Board since the end of 2013, growing progressively to reach 40% by the end of the Combined General Meeting of 27 April 2016. In parallel, the percentage of members who are independent which stood at 50% in 2014 has risen to stand at 60% since 2016.

The Board is also seeking diversity with regard to geographical origins (nationals of France, Denmark, Monaco and Italy), enabling familiarity with the Company's key markets, and a balance in terms of age and seniority, with one part of the directors having held office for several years already and having an in-depth knowledge of the group and another part of the directors bringing on board new experiences, able to serve the interests of the group and notably its development.

In particular, the Board of Directors ensures that its members have a wide range of varied, complementary and balanced skills, thereby enabling an in-depth understanding of the development challenges facing the Company and a decision-making process which is informed, independent and high-quality.

4.3.1.2.4.2. General rules applicable to the composition of the Board of Directors and to the appointment of Directors

The rules governing the appointment and dismissal of members of the Board of Directors are the legal and statutory rules set out in Articles 12 et seq. of the Company, completed by certain provisions of the Internal Rules. They are described below, it being stipulated that:

- the Board of Directors is comprised of between three and eighteen Directors, subject to statutory exemptions, and appointed by the Ordinary General Meeting of shareholders
- directors may be dismissed at any time by the General Meeting, without indemnity or prior notice.

Chairman and Vice-Chairman

The Board elects as Chairman one of its members, who must be a physical person. In addition to the Chairman, the Board of Directors may elect one or more Vice-Chairmen from among its members. The Vice-Chairman acts on the Chairman's behalf in the event of incapacity or absence. In a case of temporary incapacity, this delegation is given for a limited period and may be renewed. If the Chairman dies, this delegation is valid until the appointment of a new Chairman of the Board.

The office of Vice-Chairman is held by Leonardo Del Vecchio, appointed by the Board of Directors on 31 January 2011 and then re-appointed on 17 April 2015 and 17 April 2019 for a term of four years, expiring at the end of the General Meeting convened in 2023 to approve the financial statements for the fiscal year ending 31 December 2022.

The Board sets the term of office for the Chairman and the Vice-Chairman which may not exceed the term of their appointment as director. In case of absence, the Chairman and the Vice-Chairman are replaced by the eldest director present. The Chairman and the Vice-Chairman may be re-elected and may be dismissed by the Board at any time.

Non-voting member of the Board of Directors

The Board of Directors may appoint one or more Non-voting members (physical persons or legal entities). It defines their term of office and any remuneration if they are assigned a particular mission. The Non-voting members of the Board of Directors attend meetings of the Board as observers and may be consulted by the Board. They must be called to every meeting of the Board of Directors. They receive the same attendance fees as Directors.

At the end of his Director's term of office expiring on 17 April 2015, the Board of Directors appointed Sergio Erede as non-voting Director for a term of four (4) years expiring at the end of the General Meeting convened in 2019 to approve the financial statements for the fiscal year ending 31 December 2018.

As a Non-voting Director, Sergio Erede provides the Board with his legal expertise as a recognised Italian business lawyer.

On 20 February 2019, the Board of Directors has also appointed a second Non-voting member for a period of 4 years, Ariberto Fassati, who previously presided the Board of Directors of Beni Stabili, in order to bring his expertise of the Italian finance at Sergio Erede's side.

The Non-voting members attend the Board of Directors meetings on a consultative basis and are invited to attend also the meetings of the committees created within the said Board of Directors. The Non-voting members are bound by the same general confidentiality obligation the Directors are bound to, as well as the same loyalty duty and abstention obligation on the shares.

Lead Director

Given the separation of the functions of the Chairman and Chief Executive Officer, the Board of Directors decided that there is no need to appoint a lead Director.

Secretary of the Board

The Board of Directors also appoints a Secretary, who may be a Board member or an external appointee. It defines the Secretary's duties, which it may terminate at any time. The Secretary ensures that procedures relating to the Board's operation are followed and records the minutes at its meetings.

These functions are currently held by Yves Marque, the Chief Operating Officer (COO) of Covivio, who was appointed by the Board of Directors on 31 January 2011, and reappointed on 17 April 2015 and 17 April 2019 for a term of four years expiring at the end of the General Meeting convened in 2023 to approve the financial statements for the fiscal year ending 31 December 2022.

Employee representatives

The Board of Directors does not include any Director representing employees. This lack of representation on the Board is due to the fact that Covivio does not fall within the scope of the provisions laid down in Article L. 225-27-1 of the French Commercial Code.

Employee shareholder representatives

Since employee shareholder investment in Covivio is below the threshold of 3% of the capital set by the provisions of Article L. 225-23, paragraph 1, of the French Commercial Code, the Board of Directors does not include any Director representing employee shareholders.

However, two employees of the Social and Economic Council set up on 1 January 2020 are invited to each meeting, and attend with access to the same information as the Directors.

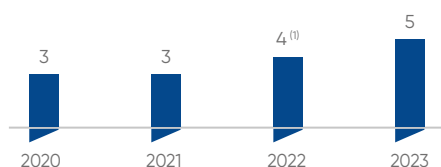
4.3.1.2.4.3. Duration and staggering of terms of office

Directors are appointed for a four-year term so that shareholders can have a frequent say on their election. The term of a Director expires at the end of the Ordinary General Meeting called to approve the financial statements for the previous year, held in the year in which the term of the said Director expires.

To promote the Board's harmonious renewal, the Directors' terms of office are now staggered over time since 2015.

The shareholders' regular renewal of Directors has thus been facilitated, both due to the limitation of their terms of office to four years, and to the staggering of expiration dates for the various tenures, allowing the General Meeting to vote on several directorships every year.

Status of the staggered expiration of terms of office



(1) Including the mandate of Alix d'Ocagne co-opted by the Board of Directors on 13 February 2020 to replace Delphine Benchetrit, for the remainder of the latter's term expiring at the end of the General Assembly called to rule in 2022 on the accounts for the year ended 31 December 2021.

4.3.1.2.4.4. Gender parity

Occupational gender equality and diversity are key to effectiveness and economic and social performance and have been amongst Covivio's core concerns over recent years. With 40% of the Board of Directors' members being women, the Company has fulfilled the recommendations of the Afep-Medef Code, doing so a year earlier than the legal deadline set for April 2017. Following the resignation of Delphine Benchetrit on 31 December 2019, the Board of Directors appointed Alix d'Ocagne, who will, by her experience and her expertise, complete the skills of the Board of Directors and maintains the balanced gender representation.

4.3.1.2.4.5. Nationality

Of the Directors on the Board, 27% are non-French, including two Italians, one person from Monaco and one Dane. This diversity ensures that its discussions encompass a wide range of views and that the topics reviewed at its meetings are analysed from a broader perspective.

4.3.1.2.4.6. Training

This year, the Company continued with its induction programme for new Directors to enable them to gain a better understanding of the Company and its business sector. As such, Directors who were not familiar with the industry and the Company have had the opportunity to meet with the Chief Executive Officer of the Company, the Deputy Executive Officers, the Chief Operating Officer, the Chief Audit and Internal Control Officer and the Chief Financial Officer several times, and are also entitled to additional training on the specifics of the Company, its work and its industry, if they deem it necessary. The new edition of the Strategic Seminar of the Board of Directors, held in London for two days in June also enabled to discuss more thoroughly in particular the economic and financial environment in which the Company evolves as well as the real estate markets.

4.3.1.2.4.7. Chief Executive Officer's presence on the Board of Directors

The appointment in 2012 of Christophe Kullmann (who is also the Company's Chief Executive Officer) as a Director has enabled him to be even more directly involved in the Company's strategy, for which he is responsible at the same level as the other Directors.

4.3.1.2.4.8. Recruitment procedure

When new Directors are recruited, the Board requests that the Appointments and Compensation Committee put forward candidates. The committee compiles a current skills map and works out the additional expertise sought from future Directors. In addition to the technical expertise sought, candidates should have solid experience as active Management or Executive Committee members, be willing and able both to contribute constructive opinions to discussions and to help summarise views and take part in decision-making. The candidates, who may in certain cases be pre-selected by a specialised firm, meet with the Chairman of the Board, the Chairman of the Appointments and Compensation Committee, the Chief Executive Officer and the Deputy General Managers and, wherever possible, with other Directors. Finally, once the Chairman of the Appointments and Compensation Committee has presented the candidates' profiles, the Board selects the candidate to be put to the vote at the General Meeting of Shareholders.

4.3.1.2.5. Independence of Directors

The Internal Regulations of the Company stipulate that the Board of Directors must include a significant proportion of independent Directors and specify in Article 6 that an independent Director is one who has no relationships of any kind with the Company, its group or its Management that might compromise his or her independent judgement.

Each year, based on the recommendations of the Appointments and Compensation Committee, the Board of Directors devotes one item on its agenda to assessing the independence of its members in terms of the independence criteria implemented by the Company.

In assessing the independence of each Director, the Board of Directors initially draws on the criteria set out in the Afep-Medef Code as a reference, which state that an independent Director must meet all of the following independence criteria:

Criterion 1	Employee and corporate officer within the previous five years He or she is not and has not been within the previous five years: • an employee or executive corporate officer of the Company • an employee, executive corporate officer or director of a company consolidated by the Company • an employee, executive corporate officer or director of the parent company of the Company or of a company consolidated by that parent company.
Criterion 2	Cross appointments He or she is not an executive corporate officer of a company in which the Company directly or indirectly holds the office of Director, or in which an employee designated as such or an executive corporate officer of the Company (currently or within the last five years) holds a position as Director.
Criterion 3	Significant business relationships He or she is not a significant client, supplier, commercial banker, financier, consultant: • of the Company or its Group • or for which the Company or its Group represents a significant share of its business. Determining whether the relationship with the Company or its Group is significant or not is a debated by the Board and the quantitative and qualitative criteria having led to this assessment (continuity, commercial dependence, exclusivity, etc.) are set out in the annual report.
Criterion 4	Family ties He or she has no close family ties to a corporate officer.
Criterion 5	Statutory Auditors He or she has not served as a Statutory Auditor for the Company during the past five years.
Criterion 6	Term of office of more than 12 years He or she has not been a director of the Company for more than 12 years. A director ceases to be an independent director on the twelfth anniversary of his or her appointment.
Criterion 7	Status of non-executive corporate officer A non-executive corporate officer cannot be considered to be independent if he or she receives variable remuneration in cash or shares or any remuneration connected to the performance of the Company or the group.
Criterion 8	Significant shareholder status Directors representing significant shareholders of the Company or of its parent company may be considered as independent if not involved in the oversight of the Company. However, above a threshold of 10% of the share capital or voting rights, the Board, further to a report by the Appointments Committee, must systematically question the independent status of a director by taking into account the composition of the Company's share capital and the existence of potential conflicts of interest.

As a second step, and in accordance with Article 9.4 of the Afep-Medef Code, beyond the mere observation of compliance or non-compliance with these criteria, the Board seeks, in particular, to establish whether a Director, who could be presumed independent in terms of the Afep-Medef Code, has no other important ties (frequent or materially significant professional or personal ties in relation to Covivio's operating costs) which may restrict his or her freedom of analysis and of decision-making. Conversely, the Board also seeks to establish whether a Director, who may be presumed non-independent according to one

of the criteria set out in the Code, is not considered as free of constraints, if the criterion in itself not leading to any loss of independence with respect to the Company's particular situation.

Taking into account the recommendations of the *Autorité des Marchés Financiers* and the High Committee on Corporate Governance, the Board also assesses, where appropriate, the material or non-material nature of the business relationships between the Directors and the Company or its group, particularly with regard to the type of relationship and amounts involved therein.

The Board has adopted a multi-criteria approach to the material nature of a business relationship, with a focus on qualitative analysis. To this end, it took into account all of the following criteria:

Qualitative criterion	• Significance of the business relationship for the Director and the Company (potential economic dependence, exclusivity or influence of the business relationship within the sector, etc.). • Structure of the relationship, including the position of the Director concerned in the contracting company (seniority of the mandate as director, existence of an operational function within the entity concerned, direct decision-making power over the contracts constituting the business relationship, direct interest for the Director or contract-related remuneration paid to the Director, etc.). • Term and continuity of the business relationship.
Quantitative criterion	• Share of the Company's turnover in the business relationship with the entities to which the Director is related.

In order to enable the Company to further comply with the independence criteria defined the Afep-Medef code, Bertrand de Feydeau, whose mandate as Director was coming to an end did not ask for its renewal, and Pierre Vaquier resigned from his mandate as Director on 17 April 2019 in accordance with Bertrand de Feydeau's decision.

In order to replace them, the Board of Directors has submitted for ratification by the Combined General Meeting of 17 April 2019 the appointment of Christian Delaire and Olivier Piani as Directors.

Following the examination in February 2019 of the independence of these Directors by the Board of Directors, in view of the following observations, the Company, 60% of whose Directors are independent, complies in the fiscal year 2019 with the threshold recommended by the Afep-Medef Code for independent Directors.

- **Delphine Benchetrit**, member of the Board of Directors in a personal capacity since 17 April 2015 until 31 December 2019, has in its group or under its management. Moreover, she meets all of the independence criteria contained in the Afep-Medef Code. The Board therefore considers Delphine Benchetrit as an independent Director for the fiscal year 2019. never directly or indirectly been in significant business relations or occupied any executive function within Covivio or a company.

- **Jean-Luc Biamonti** has been a member of the Board of Directors in a personal capacity since 31 January 2011.

He meets all of the aforementioned Afep-Medef criteria and, in particular, has never been in a direct or indirect business relationship or held any executive position within Covivio or a company of its group or under its management. He has no dealings with members of the Board of Directors, Executive Managers or majority shareholders that may call into question the criteria-based analysis. The Board of Directors therefore considers Jean-Luc Biamonti as an independent Director.

- **Christian Delaire** has been a member of the Board of Directors in a personal capacity since 17 April 2019.

He meets all of the aforementioned Afep-Medef criteria and, in particular, has never been in a direct or indirect business relationship or held any executive position within Covivio or a company of its group or under its management. He has no dealings with members of the Board of Directors, Executive Managers or majority shareholders that may call into question the criteria-based analysis. The Board of Directors therefore considers **Christian Delaire** as an independent Director.

- **Sigrid Duhamel** has been a member of the Board of Directors in a personal capacity since 28 April 2014.

She meets all of the aforementioned Afep-Medef criteria and, in particular, has never been in a significant direct or indirect business relationship or held any executive position within Covivio or a company of its group or under its management. She has no dealings with members of the Board of Directors, Executive Managers or majority shareholders that may call into question the criteria-based analysis. The Board of Directors therefore considers Sigrid Duhamel to be an independent Director.

- **Jean Laurent** has been a member of the Board of Directors in a personal capacity since 31 January 2011, and has been its Chairman since the same date.

He has never been in a business relationship with the Company and does not represent any of its shareholders.

Given the segregation of the duties of Chairman and Chief Executive Officer implemented by the Board of Directors, Jean Laurent has no management or executive prerogative within the Company and, pursuant to Article L. 225-51 of the French Commercial Code, limits his duties as Chairman to the organisation and direction of the work of the Board of Directors and oversight of the smooth operation of the corporate bodies. His role is therefore non-executive. The remuneration for this role only includes a fixed portion proportionate to the scope of his role and is not such as to compromise his independence.

In terms of his status as an Independent Director of Covivio, he was also a non-executive Director on the Board of Directors of Beni Stabili up until its takeover by Covivio completed on 31 December 2018. This non-executive role contributed to strategic coherence within the group and was not likely to lead to conflicts of interest, as Jean Laurent abstained, at the Covivio level, from participating in any discussions or deliberations by the Board that could have possibly impacted the interests of the subsidiary. Therefore, this directorship (which has come to an end at the end of 2018) never impacted Jean Laurent's status as an Independent Director.

- **Sylvie Ouziel** has been a member of the Board of Directors in a personal capacity since 24 April 2013.

She meets all of the aforementioned Afep-Medef criteria and, in particular, has never been in a direct or indirect business relationship or held any executive position within Covivio or a company of its group or under its management. She has no dealings with members of the Board of Directors, Executive Managers or majority shareholders that may call into question the criteria-based analysis. The Board of Directors therefore considers Sylvie Ouziel to be an independent Director.

- **Olivier Piani** has been a member of the Board of Directors in a personal capacity since 17 April 2019.

He meets all of the aforementioned Afep-Medef criteria and, in particular, has never been in a direct or indirect business relationship or held any executive position within Covivio or a company of its group or under its management. He has no dealings with members of the Board of Directors, Executive Managers or majority shareholders that may call into question the criteria-based analysis. The Board of Directors therefore considers **Olivier Piani** as an independent Director.

- **Patricia Savin** has been a member of the Board of Directors in a personal capacity since 27 April 2016.

She meets all of the aforementioned Afep-Medef criteria and, in particular, has never been in a significant direct or indirect business relationship and has never held any executive function within Covivio or a company in its group or under its management. She has no dealings with members of the Board of Directors, Executive Managers or majority shareholders that may call into question the criteria-based analysis. The Board of Directors therefore considers Patricia Savin to be an independent Director.

- **Catherine Soubie** has been a member of the Board of Directors in a personal capacity since 27 April 2016.

She meets all of the aforementioned Afep-Medef criteria and, in particular, has never been in a direct or indirect business relationship or held any executive function within Covivio or a company in its group or under its management. She has no dealings with members of the Board of Directors, Executive Managers or majority shareholders that may call into question the criteria-based analysis. The Board of Directors therefore considers Catherine Soubie to be an independent Director.

In line with AMF Recommendation No. 2012-02, as revised on 3 December 2019, the table below shows the situation of the independent members of the Board of Directors in light of the independence criteria defined by the Afep-Medef Code, it being stipulated that ✓ represents an independence criterion that has been met and X represents an independence criterion that has not been met.

Criteria used by the Afep-Medef Code	Criterion 1: Employee as corporate officer during the 5 previous years	Criterion 2: Cross mandates	Criterion 3: Significant business relationships	Criterion 4: Family link	Criterion 5: Statutory Auditors	Criterion 6: Mandate length exceeding 2 years	Criterion 7: Status of the non-executive corporate officer	Criterion 8: Status of the significant shareholder	Qualification adopted by the Board of Directors
ACM Vie represented by Catherine Allonas Barthe	X	✓	X	✓	✓	✓	N/A	✓	Non-independent
Romolo Bardin	✓	✓	✓	✓	✓	✓	N/A	X	Non-independent
Delphine Benchetrit	✓	✓	✓	✓	✓	✓	N/A	✓	Independent
Jean-Luc Biamonti	✓	✓	✓	✓	✓	✓	N/A	✓	Independent
Leonardo Del Vecchio	X	✓	✓	✓	✓	✓	N/A	X	Non-independent
Christian Delaire	✓	✓	✓	✓	✓	✓	N/A	✓	Independent
Sigrid Duhamel	✓	✓	✓	✓	✓	✓	N/A	✓	Independent
Predica, represented by Jérôme Grivet	X	✓	X	✓	✓	✓	N/A	✓	Non-independent
Christophe Kullmann	X	X	✓	✓	✓	✓	N/A	✓	Non-independent
Jean Laurent	X	✓	✓	✓	✓	✓	✓	✓	Independent
Covéa Coopérations, represented by Laurent Tollié	✓	✓	X	✓	✓	✓	N/A	✓	Non-independent
Sylvie Ouziel	✓	✓	✓	✓	✓	✓	N/A	✓	Independent
Olivier Piani	✓	✓	✓	✓	✓	✓	N/A	✓	Independent
Patricia Savin	✓	✓	✓	✓	✓	✓	N/A	✓	Independent
Catherine Soubie	✓	✓	✓	✓	✓	✓	N/A	✓	Independent

In anticipation of a potential situation of conflict of interest, Delphine Benchetrit has decided to resign from her mandate as Director with effect on 31 December 2019. On 13 February 2020, the Board of Directors has decided, upon proposal of the Appointment and Compensation Committee, to maintain in 2020 the qualification of independence of Jean-Luc Biamonti, Christian Delaire, Sigrid Duhamel, Jean Laurent, Sylvie Ouziel, Olivier Piani, Patricia Savin and Catherine Soubie. The Board of Directors has also performed a review of the independence criteria as applicable to Alix d'Ocagne, appointed subject to ratification on 13 February 2020 to replace Delphine Benchetrit,

whose ratification is to be decided at the Combined General Meeting of 22 April 2020, and has considered that she meets all of the criteria set out in the Afep-Medef Code. She has in particular never directly or indirectly been in significant business relationships or occupied any executive function within Covivio or a company in its group or under its management. She has no dealings with members of the Board of Directors, Executive Managers or majority shareholders that may call into question the criteria-based analysis. The Board of Directors therefore considers Alix d'Ocagne to be an Independent Director.

Criteria used by the Afep-Medef Code	Criterion 1: Employee as corporate officer during the 5 previous years	Criterion 2: Cross mandates	Criterion 3: Significant business relationships	Criterion 4: Family link	Criterion 5: Statutory Auditors	Criterion 6: Mandate length exceeding 2 years	Criterion 7: Status of the non-executive corporate officer	Criterion 8: Status of the significant shareholder	Qualification adopted by the Board of Directors
Alix d'Ocagne	✓	✓	✓	✓	✓	✓	N/A	✓	Independent

4.3.1.2.6. Absence of convictions, family connections and conflicts of interest

In the context of the examination of the annual declarations filed by the corporate officers in response to a request made by the Company in the context of the preparation of this Universal Registration Document, the Company's corporate officers have declared to the Company, in application of Articles 12.1 and 12.2 of the EC Delegated Regulation 2019/980 14 March 2019:

- that they have not been convicted of fraud during at least the last five years
- that they have not been involved in bankruptcy, receivership or liquidation proceedings during at least the last five years
- that they have not been subject to any official public incrimination or sanction by a statutory or regulatory authority (Including appointed professional bodies) at least the last five years
- that they have not been forbidden by a court to serve as a member of an administrative, management or supervisory body, or from being involved in managing or leading a company's business during at least the last five years
- that he or she has no close family ties with a corporate officers of the Company
- not be aware of potential conflicts of interest between his or her duties towards the Company, and his or her private interests and/or other duties.

4.3.1.2.7. Rules governing the organisation and operation of the Board of Directors

4.3.1.2.7.1. Procedure to prevent conflicts of interest

Article 9 of the Internal Regulations of the Board of Directors establishes a procedure to prevent conflicts of interests, even potential ones, in the presentation of investment projects submitted to the Board and/or to the Strategic and Investment Committee.

Prior to sending the investment files, and if there are serious reasons to believe that a member of the Board or the Strategic and Investment Committee is in a situation presenting a conflict of interest, the Company's Chief Operating Officer ensures the prevention of any conflict of interest for the latter, by providing the member with information on each of the investment files submitted, thus allowing the member to determine in good faith the existence or absence of a conflict of interest. It is further hereby stated that each member of the Board or the Strategic and Investment Committee is under an obligation to notify the Company's Chief Operating Officer, at all times, of any intention to take a position, directly or indirectly, on any investment file that he or she believes, in good faith, is likely to interest and be considered by the Company.

Any member of the Board or Strategic and Investment Committee who fails to confirm the absence of a conflict of interest will not receive the presentation of the investment projects in question and will not be able to participate in the Board or Strategic and Investment Committee meeting during the discussion of the corresponding agenda items.

In the event that, despite these precautions, the members of the Board or the Strategic and Investment Committee would be privy to the investment files and would believe, on reading the latter, that they are in a situation of conflict of interest, they must notify

it to the Chief Operating Officer as soon as possible prior to the governance meeting. As such, they will not be able to attend the Board or Strategic and Investment Committee meeting during the discussion of the agenda items subject to the conflict of interest. This fact will also be reported to the Chairman of the Board and/or to the Chairman of the Strategic and Investment Committee.

If a conflict of interest situation arises during the review of the investment project, the member concerned must, as soon as he or she is aware of the conflict, notify the Chairman and the Chairman of the Strategic and Investment Committee. He or she will no longer attend the Board or Strategic and Investment Committee meetings devoted to a discussion of the agenda items relating to this investment project, and more generally, shall be under strict duty of confidentiality.

If a conflict of interest situation ceases to exist, the Board or Strategic and Investment Committee member may once again participate in the deliberations of the Board or the Strategic and Investment Committee as of receipt, by the Chairman of the Strategic and Investment Committee and the Chairman of the Board, of notification of the conflict of interest's disappearance from the member concerned.

Any decision by the Board regarding conflicts of interest will be recorded in the Board minutes.

During the presentation of investment projects submitted to the Board and/or to the Strategic and Investment Committee, in 2019, the Company became aware of an identified potential conflict of interest situation.

4.3.1.2.7.2 Ethical guidelines for the members of the Board of Directors

The rules of ethics and duties of the members of the Board of Directors are defined in Article 5 of the Company's Internal Regulations.

Skills

Before taking up their duties, Board members must be familiar with the legal or regulatory texts governing their duties, the Company's Articles of Association and the Board's Internal Regulations. All Board members must ensure that they fully comply with legal requirements related to the holding of multiple terms of office (no more than four other terms of office in public companies outside of the Group, including foreign companies), and must inform the Board of terms of office as Director held in other companies, including their participation in the Board committees of any French or foreign companies. Whenever a Board member also holds an executive position, he or she must, in addition to seeking authorisation from the Board prior to accepting any other new term of office in a public company outside the Group, refrain from accepting more than two other terms of office in public companies, including foreign companies, outside the Group.

Shareholding

The Company shares held by each member of the Board at the time he or she takes office must be recorded in registered form (pure or administered). The same will apply for any shares acquired at a later date.

As an internal guideline and as a way to reflect their involvement in the Company's management, the members of the Board must hold a number of Company shares equivalent to around a year's worth remuneration in consideration of their activity.

Transparency

In accordance with the provisions of Article L. 621-18-2 of the French Monetary and Financial Code and the applicable provisions of the General Regulations of the AMF, each member of the Board is required to declare to the Company and to the AMF any transaction, in particular any purchase, sale, subscription, conservation, borrowing, lending or exchange transactions that he or she has completed involving Company securities, as well as any derivatives or other related financial instruments. This declaration must be made within three trading days after the execution of such transactions, when the total amount of the transactions made during the calendar year is greater than €20,000.

Any agreement governed by the provisions of Article L. 225-38 of the French Commercial Code is furthermore subject to the communication, authorisation and control formalities required by Articles L. 225-38 to L. 225-42 of the same code.

Duty of loyalty

Each person participating in the work of the Board, whether Board members or permanent representatives of a legal-entity Board member, must make their best efforts to determine in good faith whether a conflict of interest, even potential ones, exists. Such person is bound to inform the Chairman of the Board thereof as soon as he or she learns of any situation that could constitute a conflict of interest between (i) him or herself or the company for which he or she is the permanent representative, or any company of which he or she is an employee or executive corporate officer, or any company of the same group and (ii) the Company or any company in its Group.

In case of a standing conflict of interest, the Board member concerned (or the permanent representative of the legal-entity Board member concerned) must submit his or her resignation.

Moreover, each member of the Board is required to make a sworn statement on the existence of any conflict of interest, even potential, at the time of his or her appointment, and each year in response to a request in this regard by the Company during preparation of the Universal Registration Document.

Duty of diligence

Each member of the Board is required to devote the time and attention necessary to the performance of his or her duties. He or she must be diligent and, to the extent possible, attend all of the meetings of the Board and, as the case may be, the committees of which he or she is a member as well as the General Meetings of Shareholders.

Duty of confidentiality

In the case of non-public information acquired in connection with his or her duties and deemed to be confidential, each person attending to the Board will be bound to professional secrecy, beyond the simple obligation of discretion provided for by Article L. 225-37 of the French Commercial Code, and must strictly preserve its confidentiality.

Duty of abstention on securities

Each member of the Board must refrain from trading Company securities pursuant to the rules on insider dealing and from trading securities of companies on which he or she has privileged information due to his or her duties, pursuant to the principles stipulated by the Guide on the Prevention of Insider Trading attached to the Board's Internal Regulations.

4.3.1.2.7.3. Evaluation of the Board's work

The Board assesses its ability to meet the expectations of shareholders who have entrusted it with the mandate of managing the Company, periodically reviewing its composition, organisation and working methods, as well as those of its committees.

In accordance with the provisions of its Internal Regulations, the Board holds an annual discussion on its working methods and that of its committees and carries out a formal evaluation at least every three years, with the help of an external consultant.

The assessment of the Board's work aims to review the Board of Directors' working methods (and where appropriate, the relevance of the governance procedures implemented by the Company), verify that important matters are correctly prepared and discussed, and may also allow for an opinion on the measure of each Director's actual contribution to the Board's work. At this time, non-executive Directors, under the leadership of the Appointments and Compensations Committee, may also evaluate the performance of the Chairman, the Chief Executive Officer and the Deputy General Managers.

In accordance with the recommendations of the Afep-Medef Code, at the end of the 2013 fiscal year, the Company undertook an initial independent evaluation, performed by the specialised agency Egon Zehnder, as well as to a second evaluation in 2016 which was internal, at the end of which the Chairman of the Board of Directors committed itself to take steps to apply all the recommendations resulting from these evaluations.

At the end of the 2019 fiscal year, the Company undertook a new formal evaluation of the capacity of the Board of Directors and its committees to meet shareholder expectations, using an anonymous and exhaustive questionnaire sent by the Secretary of the Board to all Directors and Non-voting members, reviewing the composition, organisation, operating methods of the Board and its Committees during the course of 2019 and Integrating for the first year the effective individual contribution of each Director.

This third evaluation enabled to verify that the Board of Directors is deemed efficient, in a positive dynamics, and has all of the tools necessary for the successful performance of its mission. The following positive items have been underlined by the Directors:

- members of the Board of Directors have diversified profiles and skills adapted to the challenges of the activity
- quality meetings have been held because of the good relationships between the Directors and their implication in the discussions
- the last Strategic Seminar has generated satisfaction as it enabled to analyze news challenges and to decide on the Company's strategy
- efficiency of the committees
- excellent relation between the management and members of the Board of Directors
- great transparency with regards to the Information provided.

Areas for improvement were put forward by the Directors and the Non-voting members:

- to study the possibility to internationalize further the Board of Directors and to reduce the number of Directors in order to enable more thorough discussions
- to precise further the rights and obligations of the Directors
- to increase the amount of the remuneration of the Directors for their activity
- to obtain more information on the competitors and their strategy
- to clarify the links between the Board of Directors and the Strategic and Investments Committee.

The fiscal year 2020 and the following will be used to pursue the good current dynamic and to work on the areas for Improvement put forward.

4.3.1.2.7.4. Organisation of the Board of Directors

4.3.1.2.7.4.1. Governance timetable

The provisional governance timetable for year N+1 is sent to the members, to the Non-voting member and the Statutory Auditors during the meeting of the Board of Directors called to review and approve the half-year financial statements. The final governance timetable is sent to them in September.

4.3.1.2.7.4.2. Meetings

The Board of Directors meets as often as required by the interests of the Company and whenever the Chairman deems necessary, upon notice from the Chairman.

A simultaneous French/Italian interpretation system is used during meetings for the benefit of all participants.

In addition, since 2015, the Board meets every two years for two full days for a strategic seminar, which is also an opportunity to visit some of the Group's real estate holdings.

4.3.1.2.7.4.3. Option to deliberate without the executive officers being present

The Internal Regulations of the Board in force provides for an obligation for the Directors to meet at least once per year, during or after a meeting, without the executive officers being present.

In 2019, the executive officers as well as the management team left Board meetings twice during the presentation of the report by the Appointments and Compensation Committee and the examination (deliberations and votes) of decisions relating to directors' remuneration and to the examination of the independence of the directors.

4.3.1.2.7.4.4. Form of notice of the meeting

Notices of meeting, to Directors and the other attendees, are made by any written method at least five days in advance. This five-day period may be reduced if one third of the Directors agree to a shorter notification period. Meetings are held at the Company's registered office or any other location indicated in the notice of meeting.

4.3.1.2.7.4.5. Other attendees

The Deputy General Managers and certain members of the Management Committee attend the meetings of the Board as guests.

The Non-voting members, appointed by the Board of Directors, attends Board of Directors meetings on an advisory basis.

In accordance with the provisions of Article L. 2312-72 of the French Labour Code, two representatives of the Social and Economic Council, designated by said Council, attend Board meetings on an advisory basis. These representatives have the same documents at their disposal as those provided to Board members.

The Statutory Auditors are called to attend meetings during which the annual and half-yearly corporate or consolidated financial statements are examined or prepared.

The Secretary of the Board also attends the meetings but has no vote.

Depending on the items on the agenda, the Chairman may deem it useful to invite employees or outside consultants to attend.

4.3.1.2.7.4.6. Information for the members of the Board

The Company provides the Directors and the Non-voting members with the information they need to effectively participate in the Board's work in order to enable them to perform their role in appropriate conditions. This ongoing information must include all relevant items concerning the Company, including press articles and financial analysis reports.

At each Board meeting, the Chairman informs the members of the main facts and significant events affecting the Group's business since the previous Board meeting. In addition, the files to be sent to the Directors, and to any Non-voting members of the Board of Directors and employee representatives attending Board meetings, and, if relevant, to the Statutory Auditors, which contain the information and documents required to perform their mission (including all documents relating to transactions that the Board is required to review in order to enable the Board to assess the impact), are prepared before each Board meeting and made available to attendees in a timely manner, with a reasonable notification period before the date of the meeting.

Since 2015, the Company has been using a digital platform wherein all governance files are made available in a secure digital format along with a historical electronic management of the documentation of the Board and committees (files, minutes, Internal Regulations, etc.) with complete confidentiality. Since 2018, electronic tablets have also been provided at Board meetings in order to avoid printing paper copies of files.

4.3.1.2.7.4.7. Board deliberations

The Board of Directors validly deliberates only if at least one half of its members are present. Subject to the applicable laws and regulations, the meetings of the Board of Directors may be held via videoconference or telecommunications or any other method allowed under the law and the regulations under the conditions defined by the Internal Regulations adopted by the Board of Directors.

Decisions are adopted by a majority of the members present or represented. In the event of a tied vote, the meeting's Chairman does not have the casting vote.

The deliberations of the Board of Directors are recorded in minutes prepared by the Secretary of the Board at the end of each meeting. After approval, they are transcribed in the register of minutes of Board meetings.

4.3.1.3. Activity of the Board of Directors in 2019

During the 2019 fiscal year, the Board of Directors met five times, convened by its Chairman. The average duration of the meetings of the Board of Directors was two hours.

4.3.1.3.1. Attendance of the members of the Board of Directors

Average attendance by Directors at meetings of the Board of Directors was 92% (up by more than 3 pts in comparison with 2018) and nearly 87% for all meetings of the Board and of its Committees, it being stipulated that the attendance rates for each Director are set out in section 4.3.1.1.

Each time certain Directors were unable to attend meetings, the Chairman and the Chief Executive Officer arranged to send them the reports reviewed during the meetings, asked for their opinions and shared them with the rest of the Board.

In 2019, for personal or professional reasons, some Directors were unable to attend some Board of Directors meetings. Their lower attendance rates do not, however, diminish their strong involvement and contribution to the preparatory work of the Board, given the opinions that they have previously issued on the information and transactions presented during meetings.

4.3.1.3.2. Main tasks of the Board of Directors

Other than questions relating to its legal or statutory attributions, the Board of Directors, in its principal areas of activity, has in particular debated and voted on the points set out below. Members of the Board have been systematically informed about the work, recommendations and decisions of the Strategic and Investment Committee, the Appointments and C Committee and the Audit Committee, as well as the work and opinions of the Statutory Auditors. The Chief Executive Officer and/or the Deputy Executive Officers as well as the Chairman of the Board of Directors have regularly reported to the Board of the delegations that had been granted to them by the latter.

4.3.1.3.2.1. Monitoring of the group's strategies and activities

The Board of Directors:

- has overseen the continuing implementation of the mid-term 2022 horizon strategy which had been debated in June 2017 at the seminar held in Milan and gave its opinion on a regular basis in relation to the Group's strategy and the Company's IT and digital transformation strategy
- gave its opinion on the key decisions impacting its activity relating in particular to investment, growth, sharing and asset disposal transactions, as well as on restructuring transactions
- provided regular progress updates on the various projects previously authorised
- was kept informed on a regular basis about changes regarding the Group's business, its portfolio, financial situation, finance Indicators, stock market performance and cash position
- regularly reported on the coworking activity
- debated and decided the corporate Purpose of Covivio, its manifest and step up plan
- was informed of the evolution of the shareholding agreement of Covivio Hotels.

4.3.1.3.2.2. Corporate Governance

The Board of Directors:

- examined the independence of the Directors with regard to the criteria defined by the Afep-Medef Code
- discussed its running in the context of the recommendations made further to the completion of the internal assessment of the Board carried out in 2016
- was informed about the 2019 and 2020 governance agenda
- questioned the changes in the composition of the Board of Directors and the Committees with regard to the appointments expiring in April 2019 and to those of the Directors which have been in office for over 12 years
- has submitted to the General Meeting the renewal of the mandates of Directors expiring on April 2019 (except for the mandate of Bertrand de Feydeau), and the appointment of two new independent Directors
- has acknowledged the resignation of Pierre Vaquier from his mandate as Director and member of the Appointments and Compensation Committee and has acknowledged the expiry of Bertrand de Feydeau's mandate as Director and as President of the Audit Committee

- has renewed Jean Laurent's mandate in his capacity of Chairman of the Board of Directors as well as Leonardo Del Vecchio's mandate in his capacity of Vice-Chairman of the Board of Directors
- has renewed Sergio Erede's mandate in his capacity of Non-Voting member and has appointed Ariberto Fassati as a second Non-voting member
- has reviewed and decided on the composition of the Committees
- has proceeded to regular updates of its Internal Charter and its appendix on Guide to the prevention of insider dealings
- has decided a diversity policy applicable to the members of the Board and of the Committees
- has proceeded to the evaluation of honorability, integrity, professionalism criteria and in the field of anti-money laundering regarding Christian Delaire and Olivier Piani pursuant to the Regulation of the Bank of Italy
- has reviewed the composition of the Board of Directors with regards to the mandates expiring in April 2020.

4.3.1.3.2.3. General Meeting

In particular, the Board of Directors prepared and convened the General Meetings of 17 April 2019, notably by setting the agenda and producing the draft resolutions and the various reports provided thereby to the shareholders.

4.3.1.3.2.4. Remuneration

The Board of Directors:

- determined the remuneration policy for executive officers submitted for approval to the General Meeting of 17 April 2019
- set the 2018 bonus, the 2018 long-term incentive scheme payment, the criteria for the allocation of the 2019 bonus to the Chief Executive Officer and the Deputy Executive Officers, and the 2015 long-term incentive scheme payment with regard to the achievement of performance conditions granted to Christophe Kullmann and Olivier Estève
- set the detailed methods for the allocation of free shares to corporate officers and employees of the Group, as well as the terms for delivery of the free shares after their acquisition period on 2019/2020
- approved the proposals of the Appointments and Compensation Committee with regards to the compensation policy of the legal representatives

it being stipulated that, in accordance with the recommendations of the Afep-Medef Code, the Board of Directors deliberated on matters concerning the remuneration paid to executive officers in their absence during the presentation of the proposals made by the Appointments and Compensation Committee.

4.3.1.3.2.5. Financial management

The Board of Directors:

- examined and approved the consolidated accounts of the Covivio Group as well as the Company's accounts for the fiscal year ending 31 December 2018
- examined and approved the final accounts for Beni Stabili at 31 December 2018
- approved the final valuations for the asset contribution and the liability arising from the Company's merger with Beni Stabili, the final amount of the merger premium and loss

- determined the allocation of the 2018 net income proposed to the General Meeting of 17 April 2019 and decided to pay a dividend
- approved the option of a dividend payment in shares, approved the share issue price and was informed of the result of this
- examined and approved the consolidated accounts for the first half of 2019
- approved the accounts and provisional management documents
- authorised a Green Bond of €500 million
- reviewed spending in 2019 and approved the budget for 2020
- approved the financial press releases
- implemented the share buyback programme and was kept informed about the transactions involving treasury shares allocated to the various objectives of the programme
- authorised and acknowledged those guarantees granted during the fiscal year in the name of the Company and renewed the annual authorisations granted to the Chief Executive Officer, with option to sub-delegate, to grant guarantees, sureties and collateral
- examined and approved various (re)financing transactions
- was informed of the adjustment made to the conversion rate applicable to convertible bonds maturing in 2021 as well as the share capital increases resulting in particular from the final vesting of free shares and the conversion of ORNANE-type bonds issued in 2013
- was informed about the investments made by Group employees in the fiscal year 2018 profit-sharing and incentive schemes (plus any supplement) in Covivio shares
- noted that the Auditex alternate Statutory Auditor's term of office had expired at the end of the General Meeting held on 17 April 2019.

4.3.1.3.2.6. Risk management

The Board of Directors:

- reviewed the organisation of Audits and Internal Controls
- validated the risk management policy via the review of the mapping of the financial, legal, operational, corporate and environmental risks attached to the Company's activities and reviewed the action plans put in place for the major risks identified
- was informed of the monitoring of the measures for preventing and detecting corruption and trafficking in influence
- approved measures to be implemented in light of the political and social environment in Berlin
- approved the 2019/2020 audit plan
- was informed about developments in tax disputes
- approved the procedure for evaluating standard agreements entered into under normal conditions
- updated the charter on related-party agreements the scope of which was extended to include the procedure for evaluating standard agreements under normal conditions
- reminded Directors and Non-voting members of the obligations incumbent on anyone holding an executive office (and any persons closely associated with them) under regulations on market abuse, including rules on refraining from (i) disclosing inside information and (ii) trading in securities when in possession of inside information.

4.3.1.3.2.7. Corporate and social responsibility

The Board of Directors:

- approved the Consolidated Statement of Non-Financial Performance
- carried out the annual review of CSR actions
- approved the Company's policy on gender equality and equal pay
- approved the non-discrimination and diversity policy, particularly concerning gender balance on management bodies
- was informed of the findings of the Engagement Survey conducted in France, Germany and Italy
- examined the list of social and environmental risks inherent to Covivio, as highlighted by an analysis of the risk mapping, and approved the action plans to be implemented
- examined the commitments published alongside Covivio's mission statement
- emphasised the taking of decisions with consideration for the social and environmental challenges raised by the Company's activities.

4.3.1.3.2.8. Related-party agreements

The Board of Directors:

- reviewed all of the related-party agreements signed and/or authorised in 2018
- voted on the continuing application of the related-party agreements signed and authorised during previous fiscal years, the performance of which continued into 2019
- examined and authorised the signature of new related-party agreements with regard to their interest for the Company.

4.3.1.4. Specialised Committees contributing to the work of the Board of Directors

To improve the quality of its work, and in line with corporate governance principles, the Board of Directors relies on three specialised committees (the Audit Committee, the Appointments and Remunerations Committee and the Strategic and Investment Committee) tasked with researching and preparing for certain Board decisions by submitting their opinions, proposals or recommendations.

The Company has decided to not set up a specific committee under the Board of Directors on corporate social and environmental responsibility (CSR). In fact, the Chairman wishes that the actions undertaken by the Company in this area be presented and debated directly in the Board of Directors.

The Board of Directors' Internal Regulations, of which the full text is available on the Company's website, determine each Committee's responsibilities and mode of operation. The work of these Committees is outlined below.

The composition of the specialised Committees shows the Company's desire to promote the presence of independent Directors on these Committees.

Yves Marque is the Secretary of the Board and as such acts as secretary of the Committees.

Summary of the composition of Committees in 2019

Subject to approval by the Combined General Meeting of 22 April 2020 of the renewal of the terms of office of Patricia Savin and Catherine Soubie, the Board of Directors, on the proposal of the Appointments and Remunerations Committee, does not propose changing the composition of the governance committees as revised by the Board in 2019.

Audit Committee	Attendance rate in 2019
Jean-Luc Biamonti ⁽¹⁾ , Chairman	100%
Romolo Bardin, member	67%
Christian Delaire ⁽¹⁾ , member	100%
Sigrid Duhamel ⁽¹⁾ , member	100%
Sylvie Ouziel ⁽¹⁾ , member	67%
Patricia Savin ⁽¹⁾ , member	100%
Jean Laurent ⁽¹⁾ , guest	100%

Appointments and Remunerations Committee	Attendance rate in 2019
Catherine Soubie ⁽¹⁾ , Chairman	100%
Jean-Luc Biamonti ⁽¹⁾ , member	100%
Jérôme Grivet, member	50%
Olivier Piani ⁽¹⁾ , member	100%
Sergio Erede, non-voting member	100%
Jean Laurent ⁽¹⁾ , guest	100%

Strategic and Investment Committee	Attendance rate in 2019
Leonardo Del Vecchio, Chairman	60%
Catherine Allonas Barthe, member	80%
Romolo Bardin, member	100%
Jérôme Grivet, member	80%
Jean Laurent ⁽¹⁾ , member	100%
Laurent Tollié, member	60%
Sergio Erede, non-voting member	100%
Ariberto Fassati, non-voting member	67%

(1) Independent members.

4.3.1.4.1. Audit Committee

Its missions, composition and organisation are governed by Articles R. 823-19 et seq. of the French Commercial Code. The Company's Internal Regulations comply with the provisions on the Audit Committee stipulated by the aforementioned articles.

4.3.1.4.1.1. Composition

At its meeting on 17 April 2019, the Board of Directors appointed Jean-Luc Biamonti, previously a member, as Chairman of the Audit Committee (to replace Bertrand de Feydeau), and Christian Delaire as member, in order to continue to have six members, five (or 83%) of which are independent directors: Jean-Luc Biamonti, Christian Delaire, Sigrid Duhamel, Sylvie Ouziel and Patricia Savin.

The Audit Committee is chaired by an Independent Director. In addition, Jean Laurent, in his capacity as independent Chairman of the Board of Directors, takes part in all Audit Committee meetings, but has no vote.

The Committee has one Italian member, one Danish member and one Monegasque member.

The Audit Committee members are chosen for their financial and accounting expertise, appraised in light of their educational backgrounds and professional experience.

No member of the Audit Committee is also an executive corporate officer.

4.3.1.4.1.2. Operation

The Audit Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board of Directors. It meets at least twice a year to review the half-yearly and annual financial statements and, in principle, before Board meetings when the agenda includes a decision that the Board deems within the jurisdiction of the Audit Committee as determined by the Board.

The Chairman of the Audit Committee sets the agenda for the Committee's meetings, directs the discussions and organises the vote on motions submitted to the Committee.

The Committee members are notified of meetings by any written method at least five days in advance (unless the matter is urgent) and the Committee's documentation is forwarded at least two days prior to the Committee meeting.

The Audit Committee has an average of two days to review the financial statements before they are reviewed by the Board.

The presence of at least half of the members of the Audit Committee is required for meetings to be valid. The meetings are also attended by the Chief Financial Officer, the Accounts Director and the Audit and Internal Control Director. Members who are represented are included in the calculation of the quorum.

The opinions of the Audit Committee are adopted by simple majority vote of the members present or represented.

4.3.1.4.1.3. Missions

Under the terms of Article 23 of the Internal Regulations, the Audit Committee must monitor matters related to the preparation and control of accounting and financial information. In particular, it is responsible for:

- (i) monitoring the process of preparing financial information and, where applicable, making recommendations to ensure its integrity
- (ii) reviewing the accounting methods and conditions for valuing the assets of the Covivio Group
- (iii) reviewing the preliminary company and consolidated financial statements prepared by the Company before they are presented to the Board
- (iv) preparing Board decisions on the monitoring of internal audits
- (v) monitoring the effectiveness of internal control and risk management systems as well as internal audits involving procedures relating to the creation and processing of financial, extra-financial and accounting information; to do this, it reviews the information in the management report of the Board of Directors on the internal control and risk management mechanisms and, where applicable, makes comments, giving its opinion on the organisation of the internal audit service and risk control measures
- (vi) monitoring the statutory audit of the annual and consolidated financial statements by the Statutory Auditors
- (vii) ensuring the independence of the Statutory Auditors
- (viii) reviewing the agreements executed between the Company and those who hold a direct or indirect investment in the Company
- (ix) reviewing appointment proposals involving the Statutory Auditors and issuing recommendations on the Statutory Auditors to be proposed for approval by the General Meeting
- (x) ensuring oversight of the management of the information to be provided to the shareholders and the markets and verification of its clarity
- (xi) reviewing press releases on financial results
- (xii) reviewing significant risks and off-balance sheet commitments
- (xiii) giving their approval for services other than the certification of the financial statements provided by the Statutory Auditors to the Company before such services are completed and
- (xiv) examining the additional report of the Statutory Auditors drawn up pursuant to the provisions of Article 11 of Regulation (EU) No. 537/2014.

The Audit Committee reports to the Board of Directors on its work, expresses any opinions or suggestions it deems advisable, and informs the Board of any points that require a Board decision. In performing its tasks, the Audit Committee may examine the scope of the consolidated companies and, where applicable, the reasons for which companies are not included. It may use the services of external experts as required. However, the Audit Committee did not deem it necessary to do so in 2019.

4.3.1.4.1.4. Work of the Audit Committee in 2019

The Audit Committee met three times, with an 89% attendance rate by its members.

During these meetings, the members of the Audit Committee were addressed by the Statutory Auditors, as well as the Chief Financial Officer, the Director of Accounting and the Director of Audit and Internal Control, who attend all meetings.

Several specific meetings were also held between the Statutory Auditors and these Directors which were not attended by General Management.

The review of the financial statements by the Audit Committee included a presentation by the Statutory Auditors who stressed the essential points, not only concerning the results but also the accounting options used, and a presentation from the Chief Financial Officer describing the Company's risk exposure, including social and environmental risk, and significant off-balance sheet commitments. The Audit Committee works in consultation with the Audit and Internal Control Director with regular ongoing dialogue on how risks and risk developments are perceived operationally.

At its meetings in 2019, the Audit Committee examined the following issues in particular:

Meeting of 14 February 2019

Review of the summary of indicators – Review of the significant events of the 2018 fiscal year in relation to portfolio, capital increases and the simplification of structures, the debt and performance of the letting market – Report on real estate appraisals – Review of the Company and consolidated financial statements for the fiscal year ended 31 December 2018 – Review of the press release announcing the financial results.

Meeting of 17 July 2019

Review of the summary of indicators at 30 June 2019 – Review of the significant events of the first half of 2019 especially in relation to assets, the effects of Covivio's cross-border merger with Beni Stabili, the payment of dividends, debt and performance of the letting market, tax disputes – Report on real estate appraisals – Review of the interim Company and consolidated financial statements for the period ended 30 June 2019.

Meeting of 25 September 2019

Update on the organisation and activity of the Audit and Internal Control Department – Review of compliance updates – Review of internal control tools and systems in place within the Group – Focus on the incidents database and major incidents – Recap of previous risk mapping and progress report on action plans – Update on the risks associated with new activities – Presentation of risks in the 2019 mapping and focus on major risks and related action plans – Review of 2019 audit plan – Approval of 2020 audit plan.

Following the meeting of 25 September 2019, a meeting was held between the Statutory Auditors and the members of the Audit Committee, at which the Company's management was not present.

At that time, the Statutory Auditors underscored the quality of the relationship with the Financial Department and the Audit and Internal Control Department.

4.3.1.4.2. Appointments and Remunerations Committee

The role of the Appointments and Remunerations Committee is to ensure that the Board of Directors is in the best possible position to determine all remuneration and benefits for the executive officers. Its scope also include making recommendations to the Board on the composition of the executive bodies, the appointment of new Directors, the renewal of the terms of office due to expire, and succession plans for the executive officers.

4.3.1.4.2.1. Composition

At its meeting on 17 April 2019, the Board of Directors voted to appoint Catherine Soubie as Chairwoman of the Appointments and Remunerations Committee (to replace Jean-Luc Biamonti who remains a member), as well as Olivier Piani as a member.

At the end of the 2019 fiscal year, the Appointments and Remunerations Committee still has four members and invites the non-voting member, Sergio Erede, and the Chairman of the Board of Directors to attend meetings. Independent Directors account for 75% of the members, including the Chairwoman of the Committee. The Appointments and Remunerations Committee includes a Monegascan national.

There is no executive corporate officer on this Committee. However, the Chief Executive Officer is consulted by the Appointments and Remunerations Committee on the subjects of appointments and succession plans.

The composition of this Committee, chaired by an Independent Director, and the discussions that take place between this Independent Director and the other independent members of the Board of Directors, ensure the adequate representation of the interests of the various shareholders of the Company. In addition, pursuant to the provisions of the Afep-Medef Code, the Chairman of the Board of Directors is involved in the work of the Committee on succession planning.

4.3.1.4.2.2. Operation

The Appointments and Remunerations Committee meets at the initiative of its Chairwoman or at the request of the Chairman of the Board of Directors. It meets at least twice a year and, in principle, before Board meetings when the agenda involves making a decision within the scope of the duties assigned to the Appointments and Remunerations Committee by the Board.

The Chairwoman of the Appointments and Remunerations Committee or, in her absence, the Chairman of the Board of Directors sets the agenda for the Committee's meetings. She presides over the discussions and organises the vote on the matters submitted to the Appointments and Remunerations Committee.

The presence of at least half of the members of the Appointments and Remunerations Committee is required for meetings to be valid, in the understanding that members who are represented are included in the calculation of the quorum. The opinions of the Appointments and Remunerations Committee are adopted by simple majority vote of the members present or represented, and the Committee reports on its work at the next Board meeting.

4.3.1.4.2.3. Missions

Under Article 19 of the Internal Regulations, the Appointments and Remunerations Committee is responsible for:

- (i) evaluating any candidate for appointment to the Board or to the position of Chief Executive Officer or Deputy General Manager, searching for or assessing possible candidates and expressing an opinion and/or recommendation to the Board, taking into consideration the desirable balance among Board members based on the composition of and changes in the Company's shareholders
- (ii) assessing the advisability of reappointments, in particular, in the case of Directors, based on their regular attendance at governance meetings and their actual contribution to the work of the Board and Committees

- (iii) supervising the establishment of succession plans for the executive officers
- (iv) proposing the appointment or renewal of the term of the Chairman of the Audit Committee
- (v) proposing the total budget and terms for the remuneration awarded to each Board member, which will be submitted for the approval of the General Meeting
- (vi) formulating proposals for the remuneration of the Chairman, Chief Executive Officer and Deputy General Managers (the amount of fixed remuneration and definition of the rules for variable remuneration, ensuring that these rules are consistent with the annual assessment of the performance of the corporate officers and with the Company's medium-term strategy, as well as monitoring the annual application of these rules)
- (vii) issuing a preliminary opinion on any proposal for exceptional remuneration proposed by the Board to remunerate one of its members to whom it has assigned a mission or task pursuant to Article R. 225-46 of the French Commercial Code
- (viii) making proposals to the Board, as necessary, on stock option programmes and the allotment and award of free shares
- (ix) giving the Board an opinion on the qualifications of Board members based on the Company's independence criteria
- (x) making recommendations on the financial conditions for termination of corporate offices.

The Committee also looks into retirement schemes for the Company's management and employees, the tax arrangements for different compensation methods, as well as changes to such arrangements, and the potential succession of various executive corporate officers.

4.3.1.4.2.4. Work of the Appointments and Remunerations Committee in 2019

The Appointments and Remunerations Committee met twice, with an 88% attendance rate by its members.

The Appointments and Remunerations Committee works closely with the Chief Operating Officer, who is the head of the Company's Human Resources Department. He attends committee meetings as a guest and Secretary.

In its 2019 meetings, the Appointments and Remunerations Committee examined the following subjects in particular:

Meeting of 14 February 2019

Review of the composition of the Board of Directors: proposed appointment and reappointment of Directors and Non-voting members, review of the independence of Directors, proposed changes to the composition of the Audit Committee and Appointments and Remunerations Committee – Remuneration of executive officers: review of the 2018 bonus, the long term incentive plan for 2018, criteria for awarding executive bonuses in 2019 and setting the amount of long-term incentives for 2015 against the performance objectives of Christophe Kullmann and Olivier Estève – Proposed free shares plans for corporate officers and Group employees.

Meeting of 21 November 2019

Review of the composition of the Board of Directors: proposed reappointment of Directors whose terms expire in April 2020 – Review of the remuneration policy for corporate officers – Discussion on the management team – Proposed plans for awarding free shares to Group employees.

4.3.1.4.3. Strategic and Investment Committee

The Strategic and Investment Committee is in charge of studying and preparing for the Board's deliberations on strategy, investments and sales. All Board members are informed of its meetings and agenda and receive the documents sent to it. They may also attend its meetings, should they wish to do so. The Committee submits its opinions to the Board.

4.3.1.4.3.1. Composition

Following their reappointment as Directors, at its meeting on 17 April 2019, the Board of Directors reappointed Leonardo Del Vecchio as Chairman of the Strategic and Investment Committee, as well as Jean Laurent and Laurent Tollié, permanent representative of Covéa Coopérations, as members. The Strategic and Investment Committee has six members and invites the Non-voting member to its meetings.

It has one independent member, Jean Laurent, and two Italian members.

4.3.1.4.3.2. Operation

The Strategic and Investment Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board of Directors and, in principle, before Board meetings when the agenda includes a decision that falls within the scope of the duties assigned to the Committee by the Board.

The Chairman of the Strategic and Investment Committee or, in his absence, the Chairman of the Board of Directors sets the agenda for the Committee's meetings. He presides over the discussions and organises the vote on the issues submitted to the Strategic and Investment Committee.

The presence of at least half of the members of the Strategic and Investment Committee is required for meetings to be valid, in the understanding that members who are represented are included in the calculation of the quorum. The opinions of the Strategic and Investment Committee are adopted by simple majority vote of the members present or represented, and the Committee reports on its work at the next Board meeting.

When the Committee looks into subjects directly related to Company strategy, all Directors are invited to take part in discussions if they are available. A wide-ranging report on their work is compiled for the Board so that it can make fully informed decisions on Company strategy, based on the preparatory work done by the Committee.

4.3.1.4.3.3. Missions

Under the terms of Article 15 of the Internal Regulations, the Strategic and Investment Committee is in charge of reviewing and issuing an opinion on the following transactions prior to any decision by the Board:

- (i) investment made directly by the Company or through a fully consolidated subsidiary, when the total amount of the investment, plus any liabilities attached to the assets in question, is greater than €100,000,000 (Group Share)
- (ii) the sale by the Company or through a fully consolidated subsidiary, with the exception of companies whose shares are listed for trading on a regulated market, of any business division, any investment in any company or any assets, whenever the total amount of the corresponding disinvestment, plus any liabilities attached and transferred, is greater than €100,000,000 (with the exception of intra-group transactions).

In addition, the Strategic and Investment Committee is in charge of reviewing and authorising the following transactions prior to any decision by the Chief Executive Officer:

- (i) investment made directly by the Company or through a fully consolidated subsidiary, when the total amount of the investment, plus any liabilities attached to the assets in question, is greater than €30,000,000 (Group Share)
- (ii) the sale by the Company or through a fully consolidated subsidiary, with the exception of companies whose shares are listed for trading on a regulated market, of any business division, any investment in any company or any assets, whenever the total amount of the corresponding disinvestment, plus any liabilities attached and transferred, is greater than €30,000,000 (with the exception of intra-group transactions).

More generally, the Strategic and Investment Committee is in charge of:

- (i) reviewing major strategic projects for expansion through mergers and acquisitions or partnerships
- (ii) analysing the medium-term plans and projections of the Covivio Group, as applicable
- (iii) meeting with experts to review the opportunities presented by the strategic options considered, as necessary and
- (iv) keeping the Board's strategy considerations up-to-date between meetings specifically dedicated to these issues.

4.3.1.4.3.4. Work of the Strategic and Investment Committee in 2019

The Strategic and Investment Committee met five times, with an attendance rate of 80% by its members. These meetings were also attended by a significant number of guest Directors.

In its 2019 meetings, the Strategic and Investment Committee examined the following subjects in particular:

Meeting of 20 February 2019

Progress report on various investment and disposal projects – Presentation and approval of investment and development projects – Analysis of change in amount of at-risk funds committed.

Meeting of 17 April 2019

Progress report on various investment projects – Presentation and approval of disposal, investment, development and division projects – Analysis of change in amount of at-risk funds committed – Post-mortem presentation of an investment transaction.

Meeting of 23 July 2019

Progress report on various investment, disposal, development and division projects – Presentation and approval of investment and development projects – Analysis of change in amount of at-risk funds committed – Post-mortem presentation of an investment transaction.

Meeting of 17 October 2019

Presentation and approval of investment, development and disposal projects – Post-mortem presentation of an investment transaction.

Meeting of 21 November 2019

Presentation and approval of investment, development and disposal projects – Post-mortem presentation of investment transactions.

This year, as part of a seminar held in London in June 2019, the Board of Directors also expanded the consultation on issues of strategy, market and competition, beyond the Strategic and Investment Committee to include all Directors and the Management Committee.

4.3.1.5. General Management of the Company

The provisions relating to the appointment and dismissal of members of the Executive Board, as well as the powers granted

to them, are defined in Article 19 of the Company's Status set out in paragraph 5.5.2. below and are supplemented by the provisions of the Internal Regulations.

4.3.1.5.1. General Management

Since 31 January 2011, the Company has been under the management of Christophe Kullmann, Chief Executive Officer, with the assistance of Olivier Estève and Dominique Ozanne, Deputy General Managers.

First name/last name	Title	Nationality	Date of first appointment	Term of office	Date of renewal	Date term expires
					01/01/2015	
Christophe Kullmann	Chief Executive Officer	French	31/01/2011	4 years	01/01/2019	31/12/2022
					01/01/2015	
Olivier Estève	Deputy General Manager	French	31/01/2011	4 years	01/01/2019	31/12/2022
Dominique Ozanne	Deputy General Manager	French	14/02/2018	4 years	-	31/12/2021

Upon the recommendation of the Appointments and Remunerations Committee, the Board of Directors chose not to have the terms of office of the Chief Executive Officer and Deputy General Manager end on the date of the General Meeting, so that the Appointments and Remunerations Committee and the Board of Directors can fully devote itself to the calm discussion of the renewal of their terms of office and the remuneration conditions of the executive corporate officers outside the time of the General Meeting.

Note that the term of Christophe Kullmann as a Director allows him to be even more directly aligned with the Company's strategy, for which he is responsible at the same level as the other Directors.

4.3.1.5.2. The list of offices held and roles exercised by the Company's executive officers (information as at 31 December 2019)⁽¹⁾



Mr. Christophe Kullmann

Age: 54

French national

Business address: 30, avenue Kléber, 75116 Paris

Main Functions exercised: Chief Executive Officer of Covivio

Biography:

Christophe Kullmann has spent his whole career in the real estate industry. He was in charge of financial management at Immobilière Batibail, a publicly traded REITs, from 1992 until its merger in 1999 with Gecina, where he oversaw its financial management.

At the helm of Covivio since its creation in 2001, Christophe Kullmann serves as Chief Executive Officer and is a member of the Board of Directors.

He is also a founding member of Fondation Palladio.

Number of shares held as at 31 December 2019: 101,630 (plus beneficial ownership rights to 18,000 additional shares whose bare ownership was transferred)

Offices held within Covivio:

Chief Executive Officer

Date of appointment: 31 January 2011

Date of renewal: 1 January 2015 – 1 January 2019

Expiry of term of office: 31 December 2022

Director

Date of appointment: 25 April 2012

Date of renewal: 27 April 2016

Expiry of term of office: General Meeting of 2020 approving the annual financial statements for the fiscal year ended 31 December 2019

Other offices held within the Covivio group:

Chairman of the Supervisory Board: Covivio Hotels SCA (public company)

Member of the Supervisory Board: Covivio Immobilien SE (European company)

Director: Foncière Développement Logements – FDL SA

Legal representative of Covivio, Chairman: Technical SAS, 6 Rue Fructidor SAS (since 22.02.2019)

Legal representative of Covivio, General Manager: SCI Esplanade Belvédère II, SCI Le Ponant 1986, SCI Latécoère, SCI Latécoère 2, SCI Lenovilla, SCI Meudon Saulnier, SCI 11 Place de l'Europe, SCI du 15 rue des Cuirassiers, SCI du 288 rue Duguesclin, SCI du 9 rue des Cuirassiers, SCI N2 Batignolles, SNC Cœur d'Orly Promotion, SCCV Bobigny le 9e Art (since 26.07.2019)

Legal representative of Covivio, joint General Manager: Chartres Avenue de Sully SCCV (since 28.05.2019), Fontenay-sous-Bois Rabelais SCCV (since 04.06.2019)

Offices held outside the Covivio group:

Honorary chairman: FSIF (trade association)

Director: IEIF (Association)

Terms of office expired within the last five fiscal years (not including Covivio group subsidiaries):

Director: EPRA (ended 2018)

Member of the Executive Board: EPRA (ended in 2017)

Chairman of the Board of Directors: FSIF (trade association – ended April 2019)

⁽¹⁾ Including the information referred to under point 12.1 of Annex 1 of Delegated Regulation (EU) 2019/980 of 14 March 2019.



Mr Olivier Estève

Age: 55

French national

Business address: 30, avenue Kléber, 75116 Paris

Main Functions exercised: Deputy General Manager of Covivio

Biography:

Olivier Estève is a graduate of École Spéciale des Travaux Publics (ESTP). After a 12-year career in the Bouygues Group (1990-2001), where in particular he served as Director of Development in the SCREG Bâtiment subsidiary, he joined Covivio in September 2002.

He was Real Estate Director before taking over responsibility for Major Commercial Development Projects, and now oversees all of Covivio's Office business (development, asset management, property management).

Olivier Estève is Deputy General Manager with responsibility for Offices strategy at Covivio.

Number of shares held at 31 December 2019: 61,065

Offices held within Covivio:

Deputy General Manager

Date of appointment: 31 January 2011

Date of renewal: 1 January 2015 – 1 January 2019

Expiry of term of office: 31 December 2022

Other offices held within the Covivio group:

Chairman: Covivio 2 SAS

Chairman and Chief Executive Officer: République SA

Permanent representative of Covivio, Director: Foncière Développement Logements – FDL SA

Member of the Audit Committee: Covivio Hotels SCA (public company)

Member of the Supervisory Board: Covivio Hotels SCA (public company), Covivio Immobilien SE (European company)

General manager: SNC Jean Jacques Bosc (since 11.03.2019), SCI Terres Neuves (since 05.04.2019), SCI Rue de la Louisiane (since 09.07.2019), Covivio Développement SNC, Covivio Ravinelle SARL, Euromarseille Invest EURL, SCI Euromarseille 1, SCI Euromarseille 2, Covivio 4 EURL, Covivio 7 EURL, Fédération EURL, BGA Transaction SARL, Foncière Margaux SARL, SARL du 2 rue Saint Charles, SARL du 106-110 rue des Troènes, Telimob Paris SARL, Imefa 127 SCI, SCI Atlantis, SCI Pompidou Metz, SNC Palmer Plage, SCI Dual Center, Lenopromo SNC, SCI Charenton, Latepromo SNC, Promomurs SNC, Covivio Participations EURL, SCI Avenue de la Marne, Omega B SARL, SCI Rueil B2, Wellio SNC, SNC Le Clos de Chanteloup, SNC Bordeaux Lac, SNC Sully Chartres, SNC Sucy Parc, SNC Gambetta Le Raincy, Orly Promo SNC, Silexpromo SNC, SCI du 21 rue Jean Goujon, SNC La Marina Fréjus, SNC Villouvette Saint Germain, SNC Gauguin St Ouen l'Aumône, SNC Le Printemps Sartrouville, SNC Normandie Niemen Bobigny, SCI Cité Numérique, SCI Danton Malakoff, SNC Meudon Bellevue, SNC Tours Coty, SNC Valence Victor Hugo, SNC Nantes Talensac, SNC Marnage St Pierre, Fructipromo SNC (since 11.03.2019), SNC André Lavignolle (since 24.05.2019), Covivio Alexanderplatz S.à.r.l (since 11.03.2019)

Legal representative of Fédération, General Manager: Federimmo SCI

Legal representative of République, General Manager: Gespar SC, Parking de la Comédie SNC, Parking de la Gare Charles de Gaulle SNC

Legal Representative of République, Chairman: Société du Parc Trinité d'Estienne d'Orves SAS

Legal representative of Telimob Paris SARL, General Manager: Telimob Est SNC, Telimob Nord SNC, Telimob Ouest SNC, Telimob Paca SNC, Telimob Paris SNC, Telimob Rhône-Alpes SNC, Telimob Sud-Ouest SNC

Legal representative of Foncière Margaux, General Manager: SCI du 1 rue de Châteaudun, SCI du 2 rue de l'III, SCI du 3 Place A. Chaussy, SCI du 8 rue M. Paul, SCI du 10 bis et 11 à 13 Allée des Tanneurs, SCI du 20 Avenue Victor Hugo, SCI du 32 Avenue P. Grenier, SCI du 35/37 rue Louis Guerin, SCI du 40 rue Jean-Jacques Rousseau, SCI du 125 Avenue du Brancolar, SCI du 1630 Avenue de la Croix Rouge

Legal representative of SCI Euromarseille 1, General Manager: SCI Euromarseille BL, SCI Euromarseille BI, SCI Euromarseille BH, SCI Euromarseille BH2

Legal representative of SCI Euromarseille 2, General Manager: SCI Euromarseille PK, SCI Euromarseille H

Legal representative of Covivio, General Manager: SCI Esplanade Belvédère II, SCI Le Ponant 1986, SCI Latécoère, SCI Latécoère 2, SCI Lenovilla, SCI Meudon Saulnier, SCI 11 Place de l'Europe, SCI du 15 rue des Cuirassiers, SCI du 288 rue Duguesclin, SCI du 9 rue des Cuirassiers, SCI N2 Batignolles, SNC Cœur d'Orly Promotion, SCCV Bobigny le 9e Art (since 26.07.2019)

Legal representative of Covivio, joint General Manager: Chartres Avenue de Sully SCCV (since 28.05.2019), Fontenay-sous-Bois Rabelais SCCV (since 04.06.2019)

Legal representative of Covivio 2, General manager: SCI Cœur d'Orly Bureaux

Legal representative of Covivio, Chairman: Technical SAS, 6 Rue Fructidor SAS (since 22.02.2019)

Offices held outside the Covivio group:

None

Terms of office expired within the last five fiscal years (not including Covivio group subsidiaries):

None

**Mr Dominique Ozanne**

Age: 41

French national

Business address: 10, avenue Kléber, 75116 Paris

Main Functions exercised: Deputy General Manager of Covivio**Biography:**

A graduate of ESTP and HEC (MS), Dominique Ozanne joined Covivio in 2003 as adviser to the Chief Executive Officer. In 2005, with the creation of Covivio Hotels (Covivio's SIIIC subsidiary formed to acquire outsourced real estate portfolios), he was appointed Chief Operating Officer, then Head of Development and Asset Management.

In 2011, he became Chief Executive Officer of the Company, which manages more than 333 hotels. He is one of the founders of AHTOP, an association whose aim is to foster loyalty among hotel industry professional and economic stakeholders as a whole who strive to provide quality lodging, to help boost the appeal of tourism in France.

Dominique Ozanne is Deputy General Manager with responsibility for Covivio's Hotels strategy.

Number of shares held at 31 December 2019: 59,813

Offices held within Covivio:

Deputy General Manager

Date of appointment: 14 February 2018

Expiry of term of office: 31 December 2021

Other offices held within the Covivio group:

Chairman of Covivio Hotels Gestion, Managing partner: Covivio Hotels SCA (public company)

Chairman of the Board of Directors: B2 Hotel Invest SPPICAV, Otel France SPPICAV (since 01.07.2019)

Chairman: Foncière Iris SAS, Sables d'Olonne SAS, Campeli SAS, Covivio Hotels Gestion SAS, Foncière Ulysse SAS, Foncière B2 Hotel Invest SAS, Foncière B3 Hotel Invest SAS, Foncière B4 Hotel Invest

Chief Executive Officer: Iris Holding France SAS

Chairman of Covivio Hotels Gestion, Managing Partner (Gérant Commandité) of Covivio Hotels, General Manager: Foncière Otello SNC, Hôtel 37 Place René Clair SNC, SCI Hôtel Porte Dorée, SCI Ruhl Cote d'Azur (since 05.04.2019)

Chairman of Covivio Hotels Gestion, Managing Partner of Covivio Hotels, Chairman: SAS Samoëns

General manager of Covivio Hotels Gestion Immobilière, Chairman: Orient SAS financial lease (since 01.07.2019), Express SAS financial lease (since 01.07.2019), Kombon SAS (since 01.07.2019)

General manager of Covivio Hotels Gestion Immobilière, Sole Manager: Jouron SPR (Belgian company – since 01.07.2019)

General Manager of Covivio Hotels Gestion Immobilière, Director of Belgian companies: Foncière IGK SA (since 01.07.2019), Foncière Gand Cathédrale SA (since 01.07.2019), Foncière Bruxelles Saint Catherine SA (since 01.07.2019)

General Manager: Foncière Manon SARL, Loire SARL, Covivio Hotels Gestion Immobilière SNC

Legal representative of Covivio, Chairman: Technical SAS, 6 Rue Fructidor SAS (since 22.02.2019)

Legal representative of Covivio, General Manager: SCI Esplanade Belvédère II, SCI Le Ponant 1986, SCI Latécoère, SCI Latécoère 2, SCI Lenovilla, SCI Meudon Saulnier, SCI 11 Place de l'Europe, SCI du 15 rue des Cuirassiers, SCI du 288 rue Duguesclin, SCI du 9 rue des Cuirassiers, SCI N2 Batignolles, SNC Cœur d'Orly Promotion, SCCV Bobigny le 9e Art (since 26.07.2019)

Legal representative of Covivio, joint General Manager: Chartres Avenue de Sully SCCV (since 28.05.2019), Fontenay-sous-Bois Rabelais SCCV (since 04.06.2019)

Director of Belgian limited companies: Foncière Vielsalm, Sunparks Oostduinkerke, Foncière Kempense Meren, Foncière No Bruges Centre, Foncière No Bruxelles Grand Place, Foncière IB Bruges Centre, Foncière IB Bruxelles Aéroport, Foncière IB Bruxelles Grand Place, Foncière Gand Opéra, Foncière Gand Centre, Foncière Bruxelles Expo Atomium, Foncière Antwerp Centre, Foncière No Bruxelles Aéroport, Tulipe Holding Belgique, Narcisse Holding Belgique, Foncière Brugge Station, Foncière Bruxelles Sud, Foncière Louvain Centre, Foncière Liège, Foncière Bruxelles Aéroport, Foncière Bruxelles Tour Noire, Foncière Louvain, Foncière Malines, Foncière Bruxelles Gare Centrale, Foncière Namur

Chief Executive Officer of German companies: Iris Berlin GmbH, Iris Essen Bochum GmbH, Iris Frankfurt GmbH, Iris General Partner GmbH, Iris Investor Holding GmbH, Iris Nurnberg GmbH, Iris Stuttgart GmbH, BRE/GH II Berlin I Investor GmbH, BRE/GH II Berlin II Investor GmbH, BRE/GH II Berlin III Investor GmbH, BRE/GH II Dresden I Investor GmbH, BRE/GH II Dresden II Investor GmbH, BRE/GH II Dresden III Investor GmbH, BRE/GH II Dresden IV Investor GmbH, BRE/GH II Dresden V Investor GmbH, BRE/GH II Erfurt I Investor GmbH, BRE/GH II Leipzig I Investor GmbH, BRE/GH II Leipzig II Investor GmbH

Director of Spanish companies: Investment FDM Rocatierra S.L., Bardiomar S.L., Trade Center Hotel S.L.U

Member: SAS Samoëns partnership committee, Iris Holding France SAS strategic committee, SCI Dahlia management committee

Offices held outside the Covivio group:

Director: Iris Invest 2010 SPPICAV, Camp Invest SPPICAV

General Manager of Luxembourg companies: Maro Lux SARL, Roma Lux

Terms of office expired within the last five fiscal years (not including Covivio group subsidiaries):

None

4.3.1.5.3. Powers of the Chief Executive Officer and Deputy General Managers

The Chief Executive Officer is fully empowered to act in any situation on behalf of the Company. He or she exercises these powers within the limits of the corporate purpose and subject to the powers granted expressly by law and the Articles of Association to General Meetings of Shareholders and the Board of Directors. The Chief Executive Officer represents the Company in its relationships with third parties.

In agreement with the Chief Executive Officer, the Board of Directors will determine the scope and duration of the powers granted to the Deputy General Managers. With respect to third parties, the Deputy General Managers have the same powers as the Chief Executive Officer.

4.3.1.5.4. Limitations on the powers of the Chief Executive Officer and Deputy General Managers

The powers of the Chief Executive Officer and the Deputy General Managers are limited by the provisions of Article 4.2 of the Internal Regulations of the Board of Directors. The following decisions cannot be made without approval from the Strategic and Investment Committee and/or the Board:

- (i) any decision involving any investment made directly by the Company or through a fully consolidated subsidiary, when the total amount of the investment, plus any liabilities attached to the assets in question, is equal to or greater than €30,000,000 (Group Share)
- (ii) the sale by the Company or through a fully consolidated subsidiary, with the exception of companies whose shares are listed for trading on a regulated market, of any business division, any investment in any company or any assets, whenever the total amount of the corresponding disinvestment, plus any liabilities attached and transferred, is equal to or greater than €30,000,000 (Group Share) with the exception of intra-group transactions.

In addition, the prior authorisation of the Board is required for the adoption of the following decisions:

- (i) approval of the annual budget and the strategic business plan and any subsequent significant amendments to them
- (ii) incurrence of any debt (including bond issues) or the assumption of liabilities whenever, in each case, the total amount (Group Share) exceeds €100,000,000 (except for intra-group transactions), in the understanding that the Chief Executive Officer is authorised to conclude financing transactions for less than that amount and may also sign the related sureties
- (iii) signature of contracts for any merger, divestment or contribution of assets, except for intra-group transactions, or if the transactions have been approved by the said Committee and/or the Board.

Furthermore, acceptance by an executive corporate officer of the Company of a new directorship in a non-group company, listed on a French or foreign regulated market, requires prior authorisation by the Board of Directors.

The decisions described in this section are made by a simple majority vote of the Board.

In accordance with the relevant legal provisions, these limitations are not binding on third parties.

4.3.1.5.5. Role of the Executive Committee in General Management

The committees, and especially the Executive Committee, are central to General Management, especially in Europe.

The Executive Committee, which is at the heart of the corporate governance system, is a forum for reflection, consultation and decision-making on the Group's major strategies. It is responsible for implementing the strategy defined by the Board of Directors, monitoring cross-border and cross-sector projects and coordinating our activities in Europe. It aims at ensuring coordination and consultation between its members whenever a transaction or an important decision affecting the general approach of the Company or group must be considered or taken. In particular, it is consulted for each major decision or transaction of Foncière des Régions concerning governance, monitoring of subsidiaries and holdings, and financial/asset turnover policies. It validates all investment and disposal files whose value exceeds €5 million. In addition, its members are in charge of implementing the CSR objectives of the Group within their particular area of responsibility in coordination with the Sustainable Development Department.

The Executive Committee has 11 members (27% women), including representatives from all of the Group's "country" and "product" activities. Committee members:

- Christophe Kullmann – Chief Executive Officer
- Olivier Estève – Deputy General Manager
- Dominique Ozanne – Deputy General Manager
- Marjolaine Alquier de l'Épine – Director of Audit and Internal Control
- Daniel Frey – Co-Head Germany responsible for Property Management, Corporate functions, Finance and Governance
- Marcus Bartenstein – Co-Head Germany, responsible for Development, Acquisitions, Disposals and Asset Management
- Alexei Dal Pastro – General Manager, Italy Offices
- Laurie Goudallier – Chief Digital Officer
- Yves Marque – Chief Operating Officer
- Tugdual Millet – Chief Financial Officer
- Marielle Seegmuller – Director of Operations, France Offices.

The Executive Committee is backed by a Management Committee in each country, responsible for monitoring and coordinating activities, implementing the budget (finance, asset management, portfolio), HR, digital and the general organisation.

The France Management Committee has nine members, 44% of them women.

4.3.1.5.6. Policy on diversity in management bodies

We are resolutely committed to countering discrimination and fostering diversity. We have a non-discrimination and diversity policy to promote balanced representation of women and men in the Company's governing bodies.

Covivio has been a signatory of the Diversity Charter since 2010 and is a member of the UN Global Compact since 2011. Our General Management recognises that diversity, in other words, people in all their variety, is essential for innovation, performance and the working environment in our Company. The Human Resources Department is determined to diversify the talent profiles that support the Group's growth. Covivio also wants to see more women in management positions and guarantees equivalent conditions of employment to men and women. We are committed to analysing the gender pay gap in the same business population, in cooperation with employee representative bodies.

In 2017 Covivio launched the *ex-aequo* programme with the objective of fostering the promotion of women within the Group. It consists of two main components:

- raising employee awareness about gender equality through surveys and information meetings
- a mentoring programme designed to support and guide women who wish to receive guidance on their professional career and benefit from the support of a mentor who is a member of the European Management team.

The breakdown of the workforce in France is stable: 58.4% end 2019 compared with 58.5% end 2018. Similarly, there is an even split in managerial roles: 50% of managers were women at 31 December 2019, up from 49.2% at the end of 2018.

In 2019, the proportion of women on Covivio's Executive Committee fell following the departure of the Head of Development France and the division of the position of Chief Executive Officer

Germany, now shared by two men. By the end of the fiscal year it had fallen to 27%, compared with 36% in 2018 (the figure for the Management Committee in France was 44%, compared with 50% in 2018). The percentage of women in the top 10% most senior positions is 40.6%, compared with 48.5% in 2018.

In February 2020, the Board of Directors approved a proposal by the Appointments and Remunerations Committee that some performance objectives resulting in the allocation of free shares to corporate officers, should be linked to the number of women in management positions. As such, the Board set a target based on an index incorporating:

- the proportion of women on the Executive Committee
- the proportion of women on the Management Committee
- the proportion of women who are managers
- the equality index published annually.

4.3.2. Remuneration of corporate officers

4.3.2.1. The remuneration policy for the corporate officers submitted for the approval of the General Meeting of shareholders on 22 April 2020 (ex-ante Say on Pay)

In an *ex-ante* vote as required under Article R. 225-37-2 of the French Commercial Code, the remuneration policy applicable to the Chairman of the Board of Directors, the Chief Executive Officers, Deputy General Managers and Directors, was set out in draft resolutions (6, 7, 8 and 9) submitted for the approval of the Combined General Meeting of 22 April 2020. Every year and with each major change, this remuneration policy will be put to vote at the General Meeting.

4.3.2.1.1. Remuneration policy applicable to the Chairman of the Board of Directors (Resolution 6)

4.3.2.1.1.1. Composition of the remuneration of the Chairman of the Board of Directors

The remuneration of Covivio's Chairman of the Board of Directors comprises a fixed component only, divided into annual remuneration and the benefit in kind, in this case a company car. There is no variable remuneration, performance bonus or remuneration paid in treasury share. This remuneration is not usually reviewed during the course of the mandate. The Board ensures that the remuneration is consistent with the remuneration of non-executive Chairmen of the SBF 120.

The Chairman of the Board of Directors also has the same health and pension plan as employees of the Group in France.

He receives no other remuneration allocated by the Company or its subsidiaries for exercising his duties.

The Chairman of the Board of Directors has no employment contract and is not entitled to:

- any remuneration or benefits payable or likely to be payable as a result of termination/change of function, or subsequent thereto, or any conditional entitlements awarded in respect of pension commitments
- any commitment or conditional entitlement
- any commitment in respect of a non-compete compensation.

The remuneration policy applicable to the Chairman of the Board of Directors does not include any exemptions in the event of exceptional circumstances.

In accordance with Article R. 225-29-1 of the French Commercial Code, the Chairman of the Board of Directors is appointed by the Board from among its members, for a term that may not exceed his Directorship, set at four years, and ending following the meeting of the Ordinary General Meeting having approved the accounts of the most recent year ended and held in the year in which his term expires. The Chairman may be reappointed based on the same terms but his Directorship may be revoked by the General Meeting at any time without compensation or notice.

The remuneration of the Chairman of the Board of Directors has remained unchanged since 2011, a time when the Company was undergoing considerable expansion. This remuneration is in the Company's interest.

4.3.2.1.2. Decision-making process for determining, reviewing and implementing the remuneration of the Chairman of the Board of Directors

In accordance with the provisions of Article 18 of the Articles of Association, the Board of Directors sets the amount, calculation methods and payment of any remuneration of the Chairman. Pursuant to Article 19 of the Board of Directors' internal rules, the Appointments and Remunerations Committee submits proposals to the Board on the Chairman's remuneration.

Remuneration of the Chairman of Covivio's Board of Directors is set by the Board for the duration of his four-year term.

His remuneration was initially set by the Board of Directors on 31 January 2011 when the Company became a limited company and the positions of Chairman and Chief Executive Officer were separate.

When he was reappointed as Chairman for a second time, the Board of Directors agreed to maintain his annual remuneration and decided that he would continue to benefit from the Group's health and pension plans.

Pursuant to Article R. 225-37-2 of the French Commercial Code, the components of this remuneration policy applicable to the Chairman of the Board of Directors were approved by the Board of Directors at its meeting on 13 February 2020.

Moreover, pursuant to Article R. 225-29-1 of the French Commercial Code:

- the Company's decision-making process involves two-tier approval, following the aforementioned opinion of the Appointments and Remunerations Committee, by the Board of Directors and General Meeting, which helps to prevent conflicts of interest
- given the structure of the remuneration of the Chairman of the Board of Directors, the remuneration and employment conditions of Company employees need not be factored in.

4.3.2.1.2. Remuneration policy applicable to the Chief Executive Officer and Deputy General Managers (Resolutions 7 and 8)

4.3.2.1.2.1. Composition of the remuneration of the Chief Executive Officer and Deputy General Managers

The remuneration of the Chief Executive Officer and Deputy General Manager comprises only the following components which are in the Company's interests and support the Company's commercial strategy and long-term prospects.

4.3.2.1.2.1.1. Fixed portion

The Appointments and Remunerations Committee and the Board of Directors ensure, on a regular basis, that the amount of fixed remuneration paid to executive officers is positioned correctly in relation to the market by using benchmarks relating to Directors of SBF80 companies and those companies with equivalent stock market capitalisation to that of Covivio, supplemented by French and European sector-based research. In principle, the Board only reviews this remuneration at regular set intervals, in line with any potential changes to responsibilities or events that have affected the Company.

4.3.2.1.2.1.2. Variable portion

For the variable portion of remuneration (bonus), the Appointments and Remunerations Committee evaluates executive corporate officers based on clear, specific, measurable and operational targets. These targets are determined every February, by the Board of Directors based on proposals put forward by the Appointments and Remunerations Committee. They are determined according to the strategic plan and budget approved by the Board for the current year and the Company's current priorities and, as such, support the Company's commercial strategy and long-term prospects.

The target bonus for the Chief Executive Officer and Deputy General Managers equals 100% of their fixed annual salary.

In an effort to provide differentiation, motivation and an incentive to outperform, provision is made for an upside of as much as 50% of the target bonus to reward performance that goes beyond the targets set at the beginning of the year. In an effort to align this with the interests of shareholders, the committee proposes that this upside portion of the bonus be paid, if at all, not in cash but in free shares, which are to be conditional on the beneficiary remaining in the Company's employment for three years after the award.

Finally, a "circuit breaker" system provides for bonuses to be withheld in the event of a significant deterioration in the Company's performance over the year.

4.3.2.1.2.1.3. Exceptional bonus

The variable remuneration scheme explained above is designed not to have any exceptional bonus paid out. The Board of Directors has not paid any exceptional bonus to executive corporate officers since the start of their terms of office.

The only way that the Board would consider paying any exceptional bonus is under exceptional circumstances:

- situations that do not fall within the framework of the annual strategic and operational goals determined at the beginning of the year
- situations that were not foreseeable at the time that the criteria were set for determining the annual variable portion
- situations that affect the Company in terms of its size, scope or strategy.

In all cases, this exceptional bonus would be determined so as not to exceed 50% of the target bonus of the Chief Executive Officer and the Deputy General Managers.

4.3.2.1.2.1.4. Long-term incentive plan (LTI)

The principles used to allocate performance shares to the Chief Executive Officer and Deputy General Managers are as follows:

- the allocation of shares, which is the third component of remuneration, is a long-term incentive plan, and is a top-up for the fixed and variable portion of salary
- LTI for year N is allocated after the financial statements are approved, at the beginning of year N+1
- this lag, suggested by the Appointments and Remunerations Committee, makes it possible to allocate shares contingent on the achievement of operational results and the achievement of individual targets, and to record the performances in consideration of the closing of the financial statements for the fiscal year N
- the Appointments and Remunerations Committee, in setting this annual share allocation period, has made it possible to avoid any windfall effect through any share price volatility.

This long-term incentive plan has the following aims for the beneficiaries of the shares:

- foster loyalty: employee retention shares are not definitively allocated until the end of the vesting period (usually 3 years) on the condition that beneficiaries are still employed by the Company
- motivation and involvement: long-term share values ultimately depend on the Company's performance in its sector, which is reflected in the share price
- aligning the interest of executive corporate officers with those of shareholders: shares are only definitively allocated when performance targets are achieved
- lastly, enabling executive corporate officers to create a pension scheme, given the lack of a supplementary pension scheme in the Company.

The LTI target accounts for 40% of the Chief Executive Officer's total remuneration and one third of the total remuneration of Deputy General Managers. In all cases, it is capped at 150% of the fixed salary.

100% of share allocations will be subject to the following performance conditions, each analysed over the three-year vesting period, given that the number of shares allocated, subject to performance requirements, may not exceed the target number listed at the time of allocation.

Prior to the allocation in February 2019 of performance shares in respect of 2018, the conditions were as follows:

50%	Presence condition and performance relative to the market: - The overall performance of Covivio's share compared with the "Eurozone" EPRA index, defined by the changes to the share price over the 3-year benchmark, taking into consideration all dividends or advances on gross dividends. - The target number of shares will be allocated in the event of outperformance by two points compared with the index. An outperformance of 5 points will lead to an allocation representing 110% of the target (130% for 20 points). Performance equal to the index will lead to a 95% allocation of the target number of shares. An underperformance of 20 points will lead to the cancellation of 30% of the target shares, and an underperformance of 30 points will cancel all share allocations.
50%	Presence conditions and internal performance condition not affected by the market: - The number of performance shares is weighted by a coefficient corresponding to the average rate of achievement of the bonus objectives between the year of allocation and the year preceding the acknowledgement of the achievement of the performance target. - This average performance rate will be applied to the target number of shares.

The second condition was amended by the Board of Directors, on the proposal of the Appointments and Remunerations Committee, following objections by certain proxy advisors and investors, who lamented the fact that there was overlap between the LTI and annual bonus criteria. From 2019 it was replaced by performance conditions based on financial indicators and CSR objectives.

50%	Presence condition and performance relative to the market: - The overall performance of Covivio's share compared with the "Eurozone" EPRA index, defined by the changes to the share price over the 3-year benchmark, taking into consideration all dividends or advances on gross dividends. - The target number of shares will be allocated in the event of outperformance by two points compared with the index. An outperformance of 5 points will lead to an allocation representing 110% of the target (130% for 20 points). Performance equal to the index will lead to a 95% allocation of the target number of shares. An underperformance of 20 points will lead to the cancellation of 30% of the target shares, and an underperformance of 30 points will cancel all share allocations.
30%	Presence condition and economic performance relative to the market 15% = Relative change in Covivio NAV/share vs. EPRA outside UK (with the same scale as for the TSR) 15% = Relative change in the Covivio EPRA Earnings/share vs. EPRA outside UK (with the same scale as for the TSR)
20%	Presence and non-financial performance conditions 10% Objective for improving the environmental performance of portfolio: 50% of shares delivered if environmental performance by end 2022 between 87% and 90%, 100% of target number of shares if 90%, 130% if 100% (linear between the bounds) 5% = Engagement Survey: Divided into 2 blocks: 0% of shares if score 2021 < 1/2 of 2019 score, 25% if 2021 score = 1/2 2019 score, 50% if total 2021 = 2019 score, 65% if 2021 score = 2019 score + 5 pts 5% = Gender parity: 0% of shares if score in Germany equal to 2019, 25% if 2021 score = 2019 score + 2 pts, 50% if 2021 score = benchmark, 65% if score = +3 pts 5% = Gender parity: In relation to the internal scoring determined by the Board (30% Comex gender parity, 30 pts Management Committee countries gender parity, 20% management gender parity, 20% equality index), and with a score in 2019 of 56/100: 0% of shares delivered if 2022 score < 56 100% if 2022 score = 70 130% if 2022 score > 85 (linear calculation between bounds)

Non-financial performance objectives may change or be adjusted over the years as they progress in order to ensure continuous progression. Once met they may be replaced with other objectives.

These conditions combine external and internal performances, thus providing shareholders with assurances that:

- the long term compensation of senior managers is directly linked to Covivio's stock market performance
- it is also tied to the Company's operating performance and CSR performance.

The Chief Executive Officer and the Deputy General Managers formally undertake to refrain from entering into any risk hedging transactions.

In the event of involuntary termination of office (excluding voluntary resignation), the Board may, under circumstances, be required to maintain all or part of the performance shares under the vesting period. This possibility will only be exercised in the event of "good leaver" departure, excluding in particular any departure related to misconduct. Furthermore, in such a situation, the Board would evaluate whether performance criteria had been

achieved by the deadline, to determine the percentage of shares that would still be allocated.

For information purposes, the number of performance shares allocated to the Chief Executive Officer and Deputy General Managers for 2019 represented 21% of all shares allocated within the Group.

Since 2008, the Board of Directors, on the recommendation of the Appointments and Remunerations Committee, has put an end to schemes for allocation of stock options that were previously activated in parallel with the schemes for allocation of free shares.

4.3.2.1.2.1.5. Other benefits

The Chief Executive Officer and the Deputy General Managers also receive the following benefits:

- a company car
- the same health and pension plan as Group employees in France, with the same employer contribution
- job loss insurance with GSC.

4.3.2.1.2.1.6. *Compensation to be paid out upon termination of office*

In exchange for waiving the right to receive severance benefits, the Board of Directors has implemented a termination benefit for the Chief Executive Officer and the Deputy General Managers.

The benefits for Christophe Kullmann and Olivier Estève were approved by the Board of Directors on 21 November 2018 and by the shareholders at the General Meeting on 17 April 2019 voting on Resolutions 6 and 7. Compensation to be paid out to Dominique Ozanne upon termination of his term of office was approved by the Board of Directors on 14 February 2018 and by the shareholders during the General Meeting of 19 April 2018 under Resolution 5.

This compensation would only be paid out in the event of involuntary termination, which excludes cases where they would leave the Company of their own volition, change jobs within the Group or exercise their right to early retirement.

(i) *Theoretical amount of the compensation*

The theoretical compensation amount would be equal to 12 months' total compensation including the fixed salary and the annual variable part, plus one month's additional compensation per year of service at the Company regardless of the positions held, it being understood that the current compensation system does not include payment of an exceptional bonus. This amount is capped at 24 months total remuneration (fixed + bonus).

(ii) *Performance criteria*

In accordance with the recommendations of the Afep-Medef Code, entitlement to this compensation would be subject to stringent internal and external performance criteria:

- 50% of the theoretical amount of compensation is tied to the NAV over the last three fiscal years preceding termination of duties: if the change of the EPRA NAV of Covivio is 25% lower than the average of fundamentals composing the EPRA Index, the portion of severance pay tied to this criteria shall not be paid. If the contrary applies, the theoretical amount of this portion of the compensation will be adjusted to reflect the change in the company's revalued net assets during the applicable period. In addition, for Christophe Kullmann and Olivier Estève, the Board of Directors introduced a criterion of non-payment of compensation in the event of a 50% reduction in Covivio's NAV in absolute terms or for the three-year period preceding the cessation of functions
- 50% of the theoretical amount of the compensation would be conditioned by achievement of the targeted levels of performance for the three financial years preceding the cessation of functions. The criteria for allocation of performance bonus are reviewed annually by the Remuneration and Appointments Committee and based on ambitious operating and strategic goals. Their achievement is assessed on the basis of a range of precise criteria. Should the average achievement of the targeted levels of performance for the last three financial years be less than 80%, the portion of compensation associated with this criterion would not be paid. If the contrary applied, the theoretical amount of this portion of the compensation would be adjusted to reflect the average achievement of the last three financial years.

In any event, albeit any excess performance for one of the two aforementioned criteria may offset any eventual shortfall for the other criterion, the total amount of the aforementioned termination compensation is limited to two years' total remuneration. This cap rule applies to all forms of severance pay and includes any other compensation paid for any other reason at the end of a term of office, it being specified that the Chief Executive Officer and Deputy General Managers will not receive any compensation from Covivio other than that paid for their term of office.

As a result of the performance criteria listed above being set, the Board will be able, where appropriate, to reflect the target

and actual performance of the Chief Executive Officer and Deputy General Managers on the severance pay. As the goals conditioning the payment of the variable portion of compensation are aligned on the Company's operating performance and on the deployment of its strategy, any compensation paid would necessarily be proportional to the results achieved, thus fully meeting the requirements of the recommendations included in the Afep-Medef Code.

These commitments are not subject to performance conditions.

4.3.2.1.2.1.7. *Remuneration allocated in respect of Directorships or membership of the Supervisory Board.*

The Chief Executive Officer and Deputy General Managers receive no remuneration linked to their attendance at meetings of the Company's Board of Directors or Board of Directors or Supervisory Boards of Group subsidiaries.

4.3.2.1.2.1.8. *Supplementary pension schemes*

Neither the Chief Executive Officer nor the Deputy General Managers benefits from a specific defined benefits or defined contributions pension scheme.

4.3.2.1.2.1.9. *Executive corporate officers*

Neither the Chief Executive Officer nor the Deputy General Managers has an employment contract.

Pursuant to the recommendation in the Afep-Medef Code that "when an employee is appointed as executive corporate officer of the Company, it is recommended to terminate the employment contract with the Company, whether through contractual termination or resignation", Christophe Kullmann's employment contract was terminated by common accord between him and Covivio on 26 November 2008, without payment of compensation.

Christophe Kullmann has since that date received GSC unemployment insurance.

He also has supplementary group mutual insurance covering healthcare expenses. He does not benefit from the Group Incentive Plan.

Similarly, the employment contract of Olivier Estève, Deputy General Manager, was terminated on 1 November 2012, without payment of compensation, and that of Dominique Ozanne, Deputy General Manager, on 1 March 2018. Since that date, he also receives GSC unemployment insurance, as well as supplementary group mutual insurance covering healthcare expenses. They do not benefit from the Group Incentive Plan.

4.3.2.1.2.1.10. *Compensation for non-compete clause*

Neither the Chief Executive Officer nor the Deputy General Managers receives any compensation related to a non-compete clause.

4.3.2.1.2.1.11. *Signing on bonus (or "Welcome bonus" or "Golden hello")*

Covivio has never paid any signing bonus to a Chief Executive Officer or Deputy General Manager. If such a situation arose, the Board would ensure that the premium was calculated in such a way as to cover the losses caused by the recruitment of the officer due to having left his previous employment.

4.3.2.1.2.1.12. *Share retention requirement*

The Afep-Medef Code recommends that the Board set a share retention requirement for them on free shares and shares that is sufficiently restrictive. This makes it possible to adequately take into account the Company's long-term performance. Covivio's Board of Directors has set a retention requirement of 50% for performance shares throughout the term of office, until they hold shares equivalent to two years' worth of fixed remuneration. Above this threshold, they are free to dispose of shares.

Pursuant to Article R. 225-29-1 of the French Commercial Code, the Chief Executive Officer is appointed by the Board of Directors, which sets his term of office, and may be reappointed or dismissed at any time. Moreover, Deputy General Managers are appointed by the Board of Directors on the proposal of the Chief Executive Officer. Deputy General Managers may be dismissed at any time by the Board of Directors, at the suggestion of the Chief Executive Officer.

Christophe Kullmann, Olivier Estève and Dominique Ozanne have been appointed to their respective positions for a four-year term.

4.3.2.1.2.2. Decision-making process for determining, reviewing and implementing the remuneration of the Chief Executive Officer and Deputy General Managers

The remuneration policy for the Chief Executive Officer and Deputy General Managers is determined by the Board of Directors based on work carried out and proposals made by the Appointments and Remunerations Committee. This Committee met twice in 2019, to ensure that this policy is in line with the principles listed by the latest changes to the Afep-Medef Code of corporate governance.

The Appointments and Remunerations Committee makes proposals to the Board of Directors as to the remuneration of the Chief Executive Officer and Deputy General Managers (amount of fixed remuneration and rules for calculating variable remuneration), ensuring that these rules are consistent with the annual performance review of corporate officers and the Company's medium-term strategy and enforcing these rules over the year.

The Committee and the Board are particularly keen to follow these guidelines:

- the remuneration is granted exhaustively *via* three main components: a fixed portion, a variable portion, and the allocation of free shares; in-kind benefits mainly consist of a company vehicle and covering the cost of job loss insurance.

The basic principles sought are:

- a balance between the various components, short term and long term, fixed and variable
- remuneration correctly situated in the market and designed to foster loyalty
- simple and transparent tools for the market and shareholder
- a strong link between remuneration and operational performance
- a variable portion based on objective quantifiable performance criteria that combine the interests of the Company, its staff and its shareholders, at the same time providing an incentive for outperformance and a "circuit breaker" system to sanction any deterioration of key Company indicators
- a financial alignment with the long-term interests of shareholders
- development that is generally consistent with the remuneration and employment terms of the Company's employees.

The Committee and the Board use industry-based benchmarks and general research studies simply to check that overall remuneration packages are in line with market rates.

All conditions and components of remuneration allocated to Christophe Kullmann and Olivier Estève, proposed by the Appointments and Remunerations Committee were approved on 21 November 2018 by the Board of Directors upon their reappointment as Chief Executive Officer and Deputy General Manager, respectively, for a four-year term from 1 January 2019.

The conditions and components of remuneration of Dominique Ozanne, proposed by the Appointments and Remunerations Committee were approved on 14 February 2018 by the Board of Directors following his appointment as Deputy General Manager from that date.

The components of the remuneration were published on the Company's website on 15 February 2018 in the case of Dominique Ozanne and 26 November 2018 in the case Christophe Kullmann and Olivier Estève.

Pursuant to Article R. 225-37-2 of the French Commercial Code, the components of this remuneration policy applicable to the Chief Executive Officer and Deputy General Managers were approved by the Board of Directors at its meeting on 13 February 2020.

Moreover, pursuant to Article R. 225-29-1 of the French Commercial Code, the Company's decision-making process involves two-tier approval, following the aforementioned opinion of the Appointments and Remunerations Committee, by the Board of Directors and General Meeting, which helps to prevent conflicts of interest.

4.3.2.1.3. Remuneration policy applicable to Directors (Resolution 9)

4.3.2.1.3.1. Composition of the remuneration of Directors

The remuneration of Directors, as non-executive corporate officers according to the Afep-Medef Code, is made up of a fixed and variable portion. The amount agreed by the General Meeting as the total allocation for the remuneration of members of the Board of Directors is €800,000.

The criteria for allocation and financial conditions of remuneration are as follows:

- the fixed portion is allocated annually to each Director according to his or her position on the Board of Directors and on any committees and
- the variable portion is based on a per-meeting amount, which allows the actual contribution of each Director to the work of the Board and its committees to be factored in.

On the Board of Directors

- Fixed portion per director per annum: €6,000
- Additional allowance for the Chairman per annum: €4,000
- Variable portion for attendance per director : €4,000 per meeting.

On specialised Committees

- Fixed portion per member per annum: €3,000
- Additional allowance for the Chairman of the Audit Committee per annum: €17,000
- Additional allowance for the Chairman of the Appointments and Remunerations Committee per annum: €7,000
- Additional allowance for the Chairman of the Strategic and Investment Committee per annum: €3,000
- Variable portion for attendance per member:
 - members of the Strategic and Investment Committee and the Appointments and Remunerations Committee: €2,000 per meeting
 - members of the Audit Committee: €3,000 per meeting.

The variable portion of Directors' remuneration is preponderant as it represents 70% of the total remuneration allocated in 2019.

Notes:

- the variable portion is paid even if attendance at a meeting is by video conference or any other means of telecommunication
- following his appointment and/or resignation, the Director receives the fixed portion of his remuneration *pro rata temporis* over the fiscal year
- no additional remuneration is paid to non-resident Directors
- no remuneration is withheld as a result of absence from Board and Committee meetings
- in the event that the Board meets several times on a given day, particularly on the day of the General Meeting, only one meeting is taken into account for the purposes of attendance
- any amount paid to each Director is reduced by the same percentage so that the total amount paid remains within the maximum budget set by the General Meeting
- tax and employment deductions are paid by the Company directly to the tax administration
- in order to convey their involvement in the management of the Company, from their second year in office, members of the Board of Directors are invited to hold a number of Covivio shares of a value equivalent to around one year of remuneration.

The Director in the position of Chairman of the Board of Directors or Chief Executive Officer and for which he is remunerated does not receive additional remuneration for his Directorship.

In accordance with the Articles of Association and Internal Regulations, the Directors and Non-voting members of the Board are entitled to reimbursement for travel expenses and costs incurred from attending Board and Committee meetings, upon producing supporting documents.

The remuneration policy applicable to the Directors does not contain provisions for any exemptions in the event of exceptional circumstances nor for the Company to request the repayment of the variable remuneration. Nor does it contain provision for any deferral periods nor performance criteria.

Moreover, under Article R. 225-29-1 of the French Commercial Code, Directors are not entitled to:

- any remuneration in shares
- any remuneration or benefit payable or likely to be payable as a result of termination/change of function, or subsequent thereto, or any conditional entitlement awarded in respect of pension commitments
- any commitment or conditional entitlement
- any commitment in respect of a non-complete compensation.

The remuneration allocated to Directors rewards their contribution to the work of the Board of Directors and its committees, as well as their level of responsibility within the Company. Its aim is to attract and retain high quality professionals, able to maintain the required balance in skills and expertise deemed necessary for the proper administration of the Company. This remuneration may be suspended where the composition of the Board of Directors does not meet the requirements of the first paragraph of Article R. 225-18-1 of the French Commercial Code (proportion of women under 40%).

The term of office of Directors is four years ending at the end of the Ordinary General Meeting having approved the accounts

for the recent year ended and held in the year in which their term expires. Directors may be reappointed indefinitely, subject to the provisions of the Articles of Association governing age limit. Directors may be dismissed at any time by the General Meeting, without compensation or prior notice.

4.3.2.1.3.2. Decision-making process for determining, reviewing and implementing the remuneration of Directors

The remuneration policy for Directors, including remuneration distribution methods defined under Article 10 of the Board's Internal Rules, is approved, subject to the prior opinion of Appointments and Remunerations Committee, by the Board of Directors which sets the maximum budget for remuneration to be submitted to the General Meeting.

The maximum annual budget is authorised by the General Meeting.

The Board of Directors allocates Non-voting members a share of the remuneration allocated to it by the General Meeting, based on the same allocation methods.

The Combined General Meeting of 19 April 2018 awarded the Board of Directors a gross annual sum of €800,000 for the current year and subsequent years, until a new decision is made by a General Meeting.

Current methods for allocating this remuneration among Directors were adopted by the Board of Directors on 14 February 2018.

The total annual budget authorised by the General Meeting and the methods of allocation approved by the Board of Directors are reviewed with the support of the Appointments and Remunerations Committee in the event of any significant changes within the Company and/or the market by producing benchmarks.

Pursuant to Article R. 225-37-2 of the French Commercial Code, the components of this remuneration policy applicable to Directors were approved by the Board of Directors at its meeting on 13 February 2020.

Moreover, pursuant to Article R. 225-29-1 of the French Commercial Code:

- the Company's decision-making process involves two-tier approval, following the aforementioned opinion of the Appointments and Remunerations Committee, by the Board of Directors and General Meeting, which helps to prevent conflicts of interest
- given the structure of the remuneration of Directors, the remuneration and employment conditions of Company employees need not be factored in.

4.3.2.2. Implementation of the corporate officer remuneration policy in respect of the fiscal year ended 31 December 2019 ("global" ex-post Say on Pay)

In a "global" ex-post Say on Pay vote pursuant to Article R. 225-100 II. of the French Commercial Code, the information referred to in Article R. 225-37-3 I. of the French Commercial Code is included in a draft resolution (Resolution 10) subject to the approval of the Combined General Meeting on 22 April 2020.

4.3.2.2.1. Remuneration paid and/or allocated to executive corporate officers within a consolidated scope in respect of the fiscal year ended 31 December 2019

4.3.2.2.1.1. Information in Article R. 225-37-3 I. of the French Commercial Code on the remuneration paid and/or allocated to executive corporate officers in respect of the fiscal year ended 31 December 2019

No executive corporate officer was paid or allocated remuneration from a company within Covivio's scope of consolidation in respect of the fiscal year ended 31 December 2019, pursuant to Article R. 233-16 of the French Commercial Code.

4.3.2.2.1.1.1. Fixed portion

On 21 November 2018, on the proposal of the Appointments and Remunerations Committee, the Board of Directors reappointed Christophe Kullmann for four years, and increased his fixed remuneration to **€700 thousand** from January 2019. This remuneration will remain unchanged in 2020.

Similarly, at its meeting on 21 November 2018, based on a proposal of the Appointments and Remunerations Committee, the Board of Directors renewed the appointment of Olivier Estève for a term of four years and increased his fixed remuneration to **€400 thousand**. This remuneration will remain unchanged in 2020.

Finally, the fixed remuneration of Dominique Ozanne was approved by the Board of Directors on 14 February 2018. It applied for the first two years of the term. At its meeting on 13 February 2020, the Board decided to revalue it at €400 thousand (annual basis, applicable from March 2020, with no changes to the remuneration structure), for the following reasons: in the first years of his term, the portfolio of Covivio Hotels increased from €3.2 billion in assets to €7.1 billion, *i.e.* a 220% increase, with entry into two strategic markets: the United Kingdom, with an acquisition of around €900 million in 2018, and Italy and Central Europe, with a new acquisition secured in 2019, of almost €600 million. Covivio Hotels diversified with 18 hotel partners, 34 brands, is present in 12 countries and 75% of its focus became the upscale and midscale segment.

Internally, Dominique Ozanne has taken fully to his position as Deputy General Manager of Covivio.

Externally he is recognised by his peers in the real estate sector, as illustrated by his awards in 2020 such as "Manager of the Year" in the real estate sector and leader of tomorrow in the retail, hospitality and mobility real estate sectors.

Finally, he also has an excellent reputation in the hotel real estate sector, as attested by the Innovation Award for Best Hotel Partnership, awarded by the MKG Group (consultancy firm specialising in the hotel sector).

The relative portion of fixed remuneration accounts for:

- 28% of Christophe Kullmann's total remuneration
- 30% of Olivier Estève's total remuneration
- 31% of Dominique Ozanne's total remuneration.

4.3.2.2.1.1.2. Variable portion

It is recalled that the target bonus for the Chief Executive Officer and Deputy General Managers is equal to 100% of their fixed annual salary.

For 2019, the "circuit breaker" was based on a Loan To Value (LTV) threshold, the crossing of which would have entailed non-payment of the bonus.

For 2019, the criteria for allocating the variable portion of the **Chief Executive Officer's** remuneration were set as follows:

- **80% based on quantitative targets**
- **20% based on qualitative targets.**

On 12 February 2020, the Appointments and Remunerations Committee reviewed the achievement of these targets using precise analytical frameworks. Regarding the qualitative objectives, the Appointments and Remuneration Committee has established an evaluation grid assigning a score to each criterion, focusing on assessing the concrete achievements for each of them during the year. This method has made it possible not to discount objectives of strategic importance that the Lead Director of the Company is expected to meet and whose measurement cannot be obtained using a standardised numerical indicator. The Committee thus recorded the following levels of achievement for each target:

	Chief Executive Officer: Christophe Kullmann Key: Target: actual	(in € thousand)				Bonus allocated	
		% of bonus	Min.	Target	Max.	(as a % of target)	(in € thousand)
Quantitative = 80% of the variable	EPRA Earnings/share: target of €5.23/share (guidance), upside of 150% if €5.63/share, downside 0% if < €4.83 Achievement = €5.31/share	30%	0	210	315	110%	231
	EPRA NAV/share: €105.8/share	20%	0	140	210	150%	210
	Continued investment in a low interest rate environment, with a performance – market status target €772 million in investments in major European cities Hotel real estate: acquisition of premium assets in Europe secured for €248 million GS Portfolio of €22.8 million to €24 billion Reinforcement of shareholder equity and market status						
	Development and increasing new business lines/products (coworking, coliving, residential development in Germany and France) 5 Wellio operating assets, with an office occupancy rate of 99% 4 Residential Projects committed in France for €48 million GS and 6 Residential projects committed in Germany for €71 million GS in 2019	30%	0	210	315	125%	261
	Developing Covivio's European activities Covivio Hotels established in new countries (Italy, Hungary, Czech Republic, Ireland, etc.) In GS, Germany = +2 pts, United Kingdom +2 pts						
	Continued improvement in the portfolio's environmental performance 90% of France Offices are green assets i.e. +6 pts vs. 2018, 84% at the consolidated level						
Qualitative = 20% of the variable portion	New strategic plan including new product and/or market initiatives Presentation of a new strategic plan to the Board in June 2019 in London Launch of the Germany Offices business						
	Gender balance Second year of the Ex-aequo programme Europeanisation of the Comex						
	Talent retention Turnover down < 7%						
	Attractiveness and development of Covivio's image in Europe Launch of the Covivio employer brand Unveiling the Covivio mission statement In Germany, Covivio Immobilien top private company for Customer relations according to Focus Money	20%	0	140	210	120%	168
	Introduction of an IT and digital masterplan Digital road map approved with the aim of standardising tools at European level Launch of the Covivio app Introduction of a "move to cloud" strategy						
TOTAL		100%	0	700	1,050	124%	870

Most targets are linked to the Company's spending and strategic priorities and are set by the Appointments and Remunerations Committee, then the Board, according to stringent standards.

Consequently, the Committee made a proposal to the Board, which it approved on 13 February 2020, that the bonus should be paid at 124% of the target, *i.e.* a total of **€870 thousand**. Subject to its approval by the General Meeting of 22 April 2020,

€700 thousand of this amount will be paid in cash with the upside of **€170 thousand** being paid in treasury share definitively allocated at the end of the vesting period in 2023, subject to continued service.

Olivier Estève's 2019 bonus is calculated:

- 80% based on quantitative targets
- 20% based on qualitative targets.

On 12 February 2020, the Appointments and Remunerations Committee reviewed the achievement of these targets using precise analytical frameworks. Regarding the qualitative objectives, the Appointments and Remunerations Committee has established an evaluation grid assigning a score to each criterion, focusing on assessing the concrete achievements for each of them during the year. This method has made it possible not to discount objectives of strategic importance that the Deputy General Manager of the Company is expected to meet and whose measurement cannot be obtained using a standardised numerical indicator. The Committee thus recorded the following levels of achievement for each target:

	Deputy General Manager: Olivier Estève Key: Target: actual	(in € thousand)				Actual	
		% of bonus	Min.	Target	Max.	(as a % of target)	(in € thousand)
Quantitative = 80% of the variable	EPRA Earnings/share: target of €5.23/share (guidance), upside of 150% if €5.63/share, downside 0% if < €4.83 Achievement = €5.31/share	30%	0	120	180	110%	132
	EPRA NAV/share: €105.8/share	20%	0	80	120	150%	120
	Overseeing pipeline development and reloading projects +€1 billion in projects launched, +€2 billion in managed projects						
	Wellio: achievement of the 2019 Budget in occupancy rate Offices occupancy rate of 99%	30%	0	120	180	122%	146
	Alexanderplatz project: Structuring, financing, LfL deposit, securing works budgets						
Qualitative = 20% of the variable portion	Contribution to the European expansion of the Group Monitoring of investor relations in European partnerships Successfully assumed functions as Chairman of Central SICAF						
	External network momentum Development of Covivio's presence in Bordeaux	20%	0	80	120	125%	100
	Contribution to the Group's strategic thinking Active participation in the Board's strategic seminar and strategic thinking Support and back-up for the launch of the Offices Germany business						
TOTAL		100%	0	400	600	125%	498

Most targets are linked to the Company's spending and strategic priorities and are set by the Appointments and Remunerations Committee, then the Board, according to stringent standards.

Consequently, the Committee made a proposal to the Board, which it approved on 13 February 2020, that the bonus should be paid at 125% of the target, *i.e.* a total of **€498 thousand**. Subject to its approval by the General Meeting of 22 April 2020, **€400 thousand** of this amount will be paid in cash with the upside of **€98 thousand** being paid in treasury share definitively allocated at the end of the vesting period in 2023, subject to continued service.

Dominique Ozanne's 2019 bonus is calculated:

- 80% based on quantitative targets
- 20% based on qualitative targets.

On 12 February 2020, the Appointments and Remunerations Committee reviewed the achievement of these targets using precise analytical frameworks. Regarding the qualitative objectives, the Appointments and Remunerations Committee has established an evaluation grid assigning a score to each criterion, focusing on assessing the concrete achievements for each of them during the year. This method has made it possible not to discount objectives of strategic importance that the Deputy General Manager of the Company is expected to meet and whose measurement cannot be obtained using a standardised numerical indicator. The Committee thus recorded the following levels of achievement for each target:

		(in € thousand)				Actual	
Deputy General Manager: Dominique Ozanne Key: Target: actual		% of bonus	Min.	Target	Max.	(as a % of target)	(in € thousand)
Quantitative = 80% of the variable	EPRA Earnings/share: target of €5.23/share (guidance), upside of 150% if €5.63/share, downside 0% if < €4.83 Achievement = €5.31/share	30%	0	108	162	110%	119
	EPRA NAV/share: €105.8/share	20%	0	72	108	150%	108
	Asset management hotels 5.5% increase in appraised value Like-for-like change in rent: +1.2% Disposals: €437 million Residual constructability of existing assets: 15 projects identified Investments: €418 million Covivio Hotels NAV/share: €31.5/share Covivio Hotels EPRA earnings per share: €1.75						
	Contribution to the Group's strategic thinking Active participation in the Board's strategic seminar Consideration of the upgrading of the hotel portfolio and new products						
Qualitative = 20% of the variable portion	Improved relations with investors and lead director for external communications, Europe Hotels Ranking by l'Institut Choiseil, Pierre d'Or, RS and media presence	20%	0	72	108	140%	101
	Integration of hotels team in Covivio						
TOTAL		100%	0	360	540	122%	438

Most targets are linked to the Company's spending and strategic priorities and are set by the Appointments and Remunerations Committee, then the Board, according to stringent standards.

Consequently, the Committee made a proposal to the Board, which it approved on 13 February 2020, that the bonus should be paid at 122% of the target. This variable portion amounts to **€438 thousand**. Subject to its approval by the General Meeting of 22 April 2020, **€360 thousand** of this amount *will be* paid in cash with the upside of **€78 thousand** being paid in treasury share definitively allocated at the end of the vesting period in 2023, subject to continued service.

The relative portion of variable remuneration accounts for:

- 34% of Christophe Kullmann's total remuneration
- 37% of Olivier Estève's total remuneration
- 37% of Dominique Ozanne's total remuneration.

4.3.2.2.1.3. Long-Term Incentive

The 2018 LTI was allocated in February 2020 in accordance with the remuneration policy approved by the General Meeting.

The number of shares allocated is the following:

- Christophe Kullmann: **16,370** performance shares, *i.e.* potentially **up to 0.02% of the** share capital
- Olivier Estève: 7,041 performance shares, *i.e.* potentially **up to 0.01% of the** share capital

- Dominique Ozanne: **6,337** performance shares, *i.e.* potentially **up to 0.01% of the** share capital.

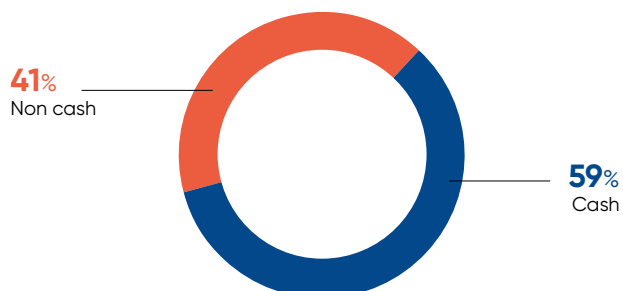
Furthermore, on 12 February 2020, the Appointments and Remunerations Committee examined the achievement of the performance criteria set for the shares allocated in February 2017 for 2016, and in particular noted that Covivio's overall stock market performance exceeded that of the EPRA Eurozone index for 2017, 2018 and 2019 (up 1.73 pts). It also noted that the attainment rate of these targets over the period exceeded the target, both for Christophe Kullmann (up 30%) and for Olivier Estève (up 15%). Consequently, the performance shares allocated in February 2017 (15,000 shares for Christophe Kullmann and 9,000 shares for Olivier Estève) were received in February 2020, together with the free shares allocated as the upside for the 2016 bonus, *i.e.* 3,859 shares for Christophe Kullmann and 1,814 shares for Olivier Estève.

Finally, there is no stock option plan.

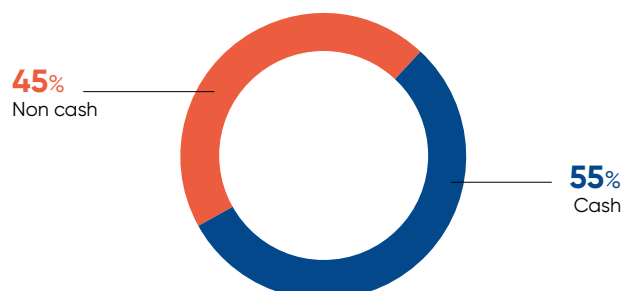
In 2019 Christophe Kullmann's remuneration was up 20.7% on 2018, it being the first year in which measures approved last year upon his reappointment took effect. Previous remuneration had remained practically stable over the four-year term, at €2,057 thousand in 2017 and €2,101 thousand in 2018.

The graph below reflects the change in the cash/non-cash mix from 2018 to 2019.

■ 2018

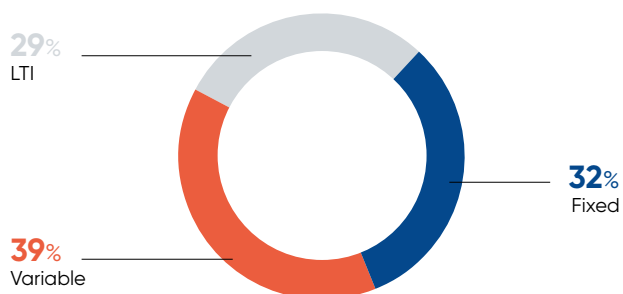


■ 2019

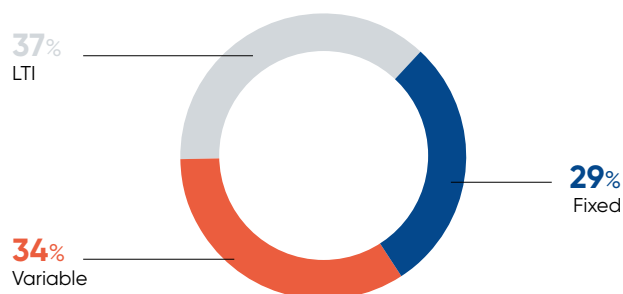


The change in the Fixed/Variable/LTI mix between 2018 and 2019 below shows that 71% of the Chief Executive Officer's remuneration is subject to performance requirements.

■ 2018



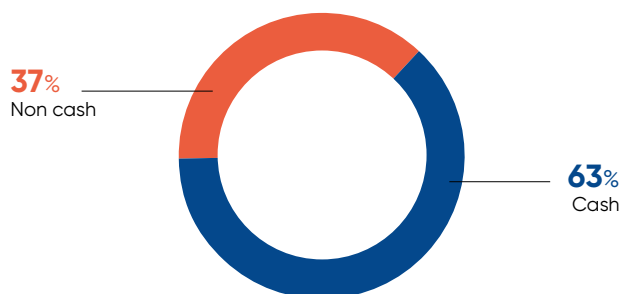
■ 2019



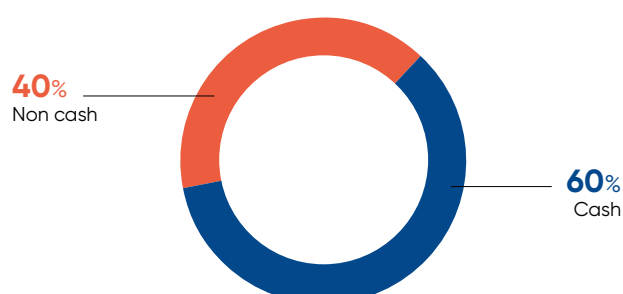
In 2019, Olivier Estève's remuneration was up 17.5% on 2018, it being the first year in which measures approved last year upon his reappointment took effect. Previous remuneration had remained relatively stable over the four-year term, at €1,137 thousand in 2018 and €1,210 thousand in 2016.

The graph below reflects the change in the cash/non-cash mix from 2018 to 2019.

■ 2018

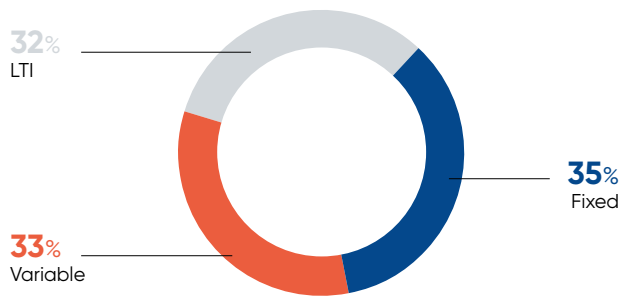


■ 2019

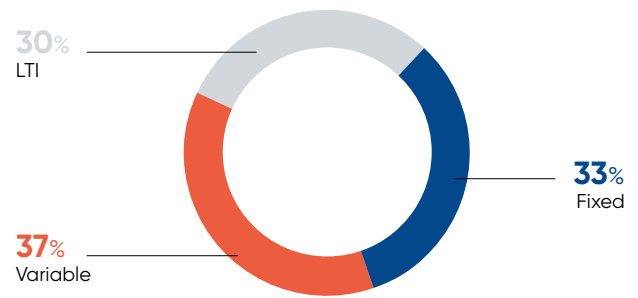


The change in the Fixed/Variable/LTI mix between 2018 and 2019 below shows that 67% of Olivier Estève's remuneration is subject to performance requirements.

■ 2018



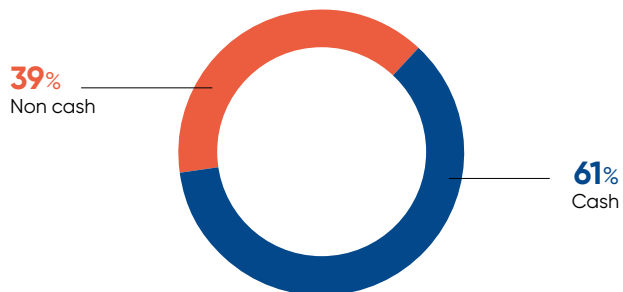
■ 2019



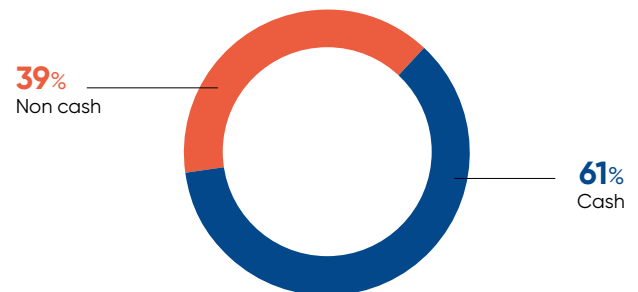
Dominique Ozanne's 2019 remuneration was up 5.5%, due to the mechanical effect of the comparison with 2018, an incomplete year. On a like-for-like basis (fixed annual rate adjusted to €360 thousand), it was up 0.5%.

The graph below reflects the change in the cash/non-cash mix from 2018 to 2019.

■ 2018

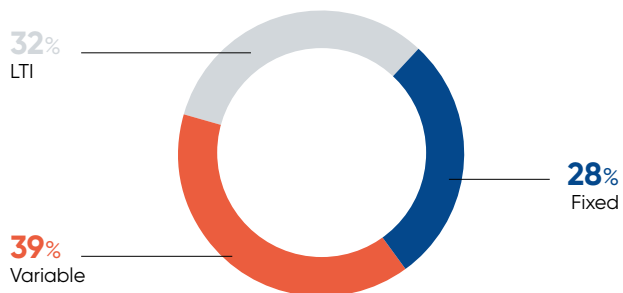


■ 2019

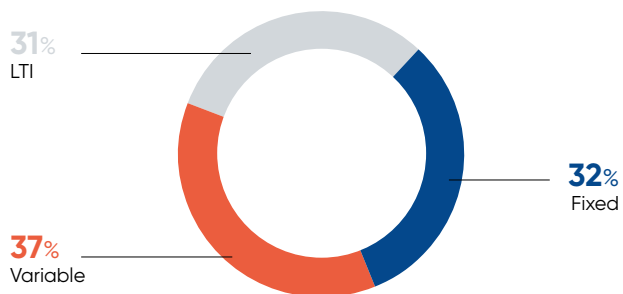


The change in the Fixed/Variable/LTI mix between 2018 and 2019 below shows that 68% of Dominique Ozanne's remuneration is subject to performance requirements.

■ 2018



■ 2019



4.3.2.1.1.4. Compensation to be paid out upon termination of office

After terminating without compensation their employment contracts, which provided for the payment of a termination benefit in the event of forced departure, the Board of Directors proposed implementing an end-of-service benefit for Christophe Kullmann, Chief Executive Officer, Olivier Estève, Deputy General Manager, and Dominique Ozanne, Deputy General Manager.

Such benefit would be paid only in the event of forced departure due to a change of control or a change of strategy. This would exclude cases in which they were to leave the Company at their own initiative, change roles within the Group or be able to collect retirement benefits within a short period of time.

The calculation methods and theoretical amount of the compensation are set out in paragraph 4.3.2.1.2.1.6. on the composition of the remuneration of the Chief Executive Officers and Deputy General Managers in respect of their remuneration policy.

The total remuneration upon termination of office likely be payable is capped at two years, i.e. currently:

- €3,170 thousand for Christophe Kullmann
- €1,826 thousand for Olivier Estève and
- €1,628 thousand for Dominique Ozanne.

Compensation to be paid at the end of Christophe Kullmann and Olivier Estève's terms of office was approved by the Board of Directors on 21 November 2018, and then by the shareholders during the General Meeting of 17 April 2019, by a vote on Resolutions 6 and 7. Compensation to be paid out to Dominique Ozanne upon termination of his term of office was approved by the Board of Directors on 14 February 2018 and by the shareholders during the General Meeting of 19 April 2018 under Resolution 5.

The amount and conditions for awarding this compensation were the subject of a press release published on 15 February 2018 (for Dominique Ozanne) and on 26 November 2018 (for Christophe Kullmann and Olivier Estève) on the Company's website.

4.3.2.1.1.5. Equity ratio

The data relating to subparagraphs 6 and 7 of paragraph I. of Article R. 225-37-3 of the French Commercial Code presented below were calculated in accordance with the AFEP guidelines. Executive remuneration is calculated based on compensation paid or allocated in respect of fiscal year N. The headcount on which the calculation of the mean and median is based represents 100% of the Company's headcount and 100% of the Group's French headcount (UES Covivio).

Covivio	2015	2016	2017	2018	2019
EPRA NAV (€ per share)	79.4	86.8	94.5	99.7	105.8
EPRA Earnings (€ per share)	4.59	4.86	4.86	5.08	5.31
Dividend (€ per share)	4.30	4.40	4.50	4.60	4.80
Portfolio ED (€1 billion 100%)	17.7	19.2	21.2	22.8	24.0
Net revenue (€ million at 100%)	828.5	856.2	856.2	964.4	980.7
Remuneration Jean Laurent – Chairman (<i>in € thousand</i>)	450	448	446	441	400
Remuneration Christophe Kullmann – Chief Executive Officer (<i>in € thousand</i>)	2,050	2,060	2,085	2,050	2,159
Remuneration Olivier Estève – Deputy General Manager (<i>in € thousand</i>)	1,071	1,162	1,211	1,181	1,178
Remuneration Dominique Ozanne – Deputy General Manager (<i>in € thousand</i>)	N/A	N/A	N/A	1,096	1,172
Remuneration of Board members (<i>in € thousand</i>)	353	383	579	596	512
Mean remuneration UES Covivio (<i>in € thousand</i>)	93	97	104	107	96
Mean remuneration Covivio SA (<i>in € thousand</i>)	99	100	112	108	98
Median remuneration UES Covivio (<i>in € thousand</i>)	68	72	76	77	75
Median remuneration Covivio SA (<i>in € thousand</i>)	74	74	76	77	73
Ratio Jean Laurent vs. mean UES Covivio	4.8	4.6	4.3	4.1	4.2
Ratio Jean Laurent vs. mean Covivio SA	4.5	4.5	4.0	4.1	4.1
Ratio Christophe Kullmann vs. mean UES Covivio	22.0	21.2	20.1	19.2	22.4
Ratio Christophe Kullmann vs. mean Covivio SA	20.6	20.6	18.6	19.0	22.1
Ratio Olivier Estève vs. mean UES Covivio	11.5	11.9	11.7	11.1	12.2
Ratio Olivier Estève vs. mean Covivio SA	10.8	11.6	10.8	11.0	12.0
Ratio Dominique Ozanne vs. mean UES Covivio	N/A	N/A	N/A	10.3	12.2
Ratio Dominique Ozanne vs. mean Covivio SA	N/A	N/A	N/A	10.2	12.0
Ratio Jean Laurent vs. median UES Covivio	6.7	6.3	5.8	5.7	5.4
Ratio Jean Laurent vs. median Covivio SA	6.1	6.0	5.8	5.7	5.5
Ratio Christophe Kullmann vs. median UES Covivio	30.3	28.7	27.3	26.6	28.9
Ratio Christophe Kullmann vs. median Covivio SA	27.9	27.8	27.3	26.6	29.7
Ratio Olivier Estève vs. median UES Covivio	15.8	16.2	15.9	15.4	15.8
Ratio Olivier Estève vs. median Covivio SA	14.6	15.7	15.9	15.4	16.2
Ratio Dominique Ozanne vs. median UES Covivio	N/A	N/A	N/A	14.2	15.7
Ratio Dominique Ozanne vs. median Covivio SA	N/A	N/A	N/A	14.2	16.1

4.3.2.1.2. Summary tables of the remuneration of executive corporate officers, prepared in accordance with Appendix 4 of the Afep-Medef Code

The information and tables below:

- provide a summary of the total remuneration and benefits in kind paid or allocated to Christophe Kullmann (Chief Executive Officer) and Olivier Estève and Dominique Ozanne (Deputy General Managers) in respect of the fiscal year ended 31 December 2019

- were prepared in accordance with the revised version of the Afep-Medef Code published in January 2020
- comply with AMF recommendation no. 2012-02 (updated 3 December 2019), on "Corporate governance and executive compensation in companies referring to the AFEF-MEDEF Code – Consolidated presentation of the recommendations contained in the AMF annual reports" ("AMF Recommendation").

Table 1⁽¹⁾ – Summary of remuneration and options and shares awarded to each executive corporate officer

Name and function of the executive corporate officer Christophe Kullmann: Chief Executive Officer	2018		2019	
	Amounts awarded in respect of 2018	Amounts paid in 2018	Amounts awarded in respect of 2019	Amounts paid in 2019
Remuneration (see Table 2 for details)	1,499,931	1,446,931	1,606,969	1,556,969
Valuation of other long-term remuneration plans	0	0	0	0
Valuation of options awarded during the fiscal year	None	None	None	None
Valuation of performance shares awarded (see Table 6 for details) ⁽²⁾	601,125	602,680	930,000	601,125
TOTAL	2,101,056	2,049,611	2,536,969	2,158,094

(1) Since the allocation of performance shares awarded in fiscal year N is delayed until N+1, for the purposes of the accuracy and completeness of the information provided, Table 1 distinguishes between amounts paid and those awarded for each fiscal year.

(2) The valuation of the shares does not include the portion of the bonus paid in free shares, already included, where applicable, in Table 2.

Note: The share valuations are calculated by an independent expert.

Table 2 – Summary of remuneration for each executive corporate officer

Name and function of the executive corporate officer Christophe Kullmann: Chief Executive Officer	2018		2019	
	Amounts awarded in respect of 2018	Amounts paid in 2018	Amounts awarded in respect of 2019	Amounts paid in 2019
Fixed remuneration	600,000	600,000	700,000	700,000
Annual variable remuneration ⁽¹⁾	820,000	767,000	870,000	820,000
Multi-annual variable remuneration	0	0	0	0
Extraordinary remuneration	0	0	0	0
Remuneration awarded in respect of a directorship (Beni Stabili)	43,592	43,592	0	0
Benefits in kind (company car, GSC type unemployment insurance, etc.)	36,339	36,339	36,969	36,969
TOTAL	1,499,931	1,446,931	1,606,969	1,556,969

(1) The variable amount due for 2018 of €820 thousand comprises €600 thousand, paid in cash during 2019 and 3,485 free shares awarded in 2019. The variable amount due for 2019 of €870 thousand comprises €700 thousand, paid in cash during 2020 and 2,340 free shares awarded in 2020, subject to approval by the General Meeting on 22 April 2020.

Table 1⁽¹⁾ – Summary of remuneration and options and shares awarded to each executive corporate officer

Name and function of the executive corporate officer Olivier Estève: Deputy General Manager	2018		2019	
	Amounts awarded in respect of 2018	Amount paid in 2018	Amounts awarded in respect of 2019	Amount paid in 2019
Compensation (detailed in Table 2)	776,238	810,238	936,552	816,552
Valuation of other long-term remuneration plans	0	0	0	0
Valuation of options awarded during the fiscal year	None	None	None	None
Valuation of performance shares awarded during the fiscal year (see Table 6 for details) ⁽²⁾	360,675	370,880	400,000	360,675
TOTAL	1,136,913	1,181,118	1,336,552	1,177,227

(1) Since the allocation of performance shares awarded in fiscal year N is delayed until N+1, for the purposes of the accuracy and completeness of the information provided, Table 1 distinguishes between amounts paid and those awarded for each fiscal year.

(2) The valuation of the shares does not include the portion of the bonus paid in free shares, already included, where applicable, in Table 2.

Note: The share valuations are calculated by an independent expert.

Table 2 – Summary of remuneration for each executive corporate officer

Name and function of the executive corporate officer	2018		2019	
	Amounts awarded in respect of 2018	Amount paid in 2018	Amounts awarded in respect of 2019	Amount paid in 2019
Olivier Estève: Deputy General Manager				
Fixed remuneration	360,000	360,000	400,000	400,000
Annual variable remuneration ⁽¹⁾	378,000	412,000	498,000	378,000
Multi-annual variable remuneration	0	0	0	0
Extraordinary remuneration	0	0	0	0
Remuneration awarded in respect of a directorship	0	0	0	0
Benefits in kind (company car, GSC type unemployment insurance)	38,238	38,238	38,552	38,552
TOTAL	776,238	810,238	936,552	816,552

(1) The variable amount due for 2018 of €378 thousand comprises €360 thousand, paid in cash during 2019 and 285 free shares awarded in 2019.
 The variable amount due for 2019 of €498 thousand comprises €400 thousand, paid in cash during 2020 and 1,349 free shares awarded in 2020, subject to approval by the General Meeting on 22 April 2020.

Table 1⁽¹⁾ – Summary of remuneration and options and shares awarded to each executive corporate officer

Name and function of the executive corporate officer	2018		2019	
	Amounts awarded in respect of 2018	Amount paid in 2018	Amounts awarded in respect of 2019	Amount paid in 2019
Dominique Ozanne: Deputy General Manager since 14 February 2018				
Remuneration (see Table 2 for details)	750,518	315,518	814,220	811,220
Valuation of other long-term remuneration plans	0	0	0	0
Valuation of options awarded during the fiscal year	None	None	None	None
Valuation of performance shares awarded during the fiscal year (see Table 6 for details) ⁽²⁾	360,675	324,520	360,000	360,675
TOTAL	1,111,193	640,038	1,174,220	1,171,895

(1) Since the allocation of performance shares awarded in fiscal year N is delayed until N+1, for the purposes of the accuracy and completeness of the information provided, Table 1 distinguishes between amounts paid and those awarded for each fiscal year.

(2) The valuation of the shares does not include the portion of the bonus paid in free shares, already included, where applicable, in Table 2.
 Note: The share valuations are calculated by an independent expert.

Table 2 – Summary of remuneration for each executive corporate officer

Name and function of the executive corporate officer	2018		2019	
	Amounts awarded in respect of 2018	Amount paid in 2018	Amounts awarded in respect of 2019	Amount paid in 2019
Dominique Ozanne: Deputy General Manager since 14 February 2018				
Fixed remuneration	300,008	300,008	360,000	360,000
Annual variable remuneration ⁽¹⁾	435,000	Not applicable	438,000	435,000
Multi-annual variable remuneration	0	0	0	0
Extraordinary remuneration	0	0	0	0
Remuneration awarded in respect of a directorship	0	0	0	0
Benefits in kind (company car, GSC type unemployment insurance)	15,510	15,510	16,220	16,220
TOTAL	750,518	315,518	814,220	811,220

(1) The variable amount due for 2018 of €435 thousand comprises €360 thousand, paid in cash during 2019 and 1,188 free shares awarded in 2019.
 The variable amount due for 2019 of €438 thousand comprises €360 thousand, paid in cash during 2020 and 1,074 free shares awarded in 2020, subject to approval by the General Meeting on 22 April 2020.

■ Table 4 – Subscription or stock options awarded during the fiscal year to each executive corporate officer by the issuer and by any company in the Group

Options awarded to each executive corporate officer by the issuer and by any company of the Group (list by name)	No. and date of plan	Type of shares (purchase or subscription)	Valuation of the options based on the method used for the consolidated financial statements	Number of options awarded during the fiscal year	Exercise price	Exercise period
Christophe Kullmann	None	None	None	None		
Olivier Estève	None	None	None	None		
Dominique Ozanne	None	None	None	None		

■ Table 5 – Subscription or stock options exercised during the fiscal year by each executive corporate officer

Options exercised by the executive corporate officers (list by name)	No. and date of plan	Type of options exercised during the fiscal year	Exercise price
Christophe Kullmann	None	None	None
Olivier Estève	None	None	None
Dominique Ozanne	None	None	None

■ Table 6 – Performance shares awarded to each executive corporate officer by the issuer and by any company in the Group⁽¹⁾

Performance shares awarded during the fiscal year to each executive corporate officer by the issuer and by any company in the Group (list by name)	Plan date	Number of shares awarded during the fiscal year*	Valuation of the shares based on the method used for the consolidated financial statements ⁽³⁾	Vesting date	Date of availability	Performance conditions
Christophe Kullmann	20/02/2019	12,500	€48.09	20/02/2022	20/02/2022	-50% = overall stock market performance compared to EPRA 50% = rate of achievement of individual goals
Christophe Kullmann	20/02/2019	3,485 ⁽²⁾	€63.12	20/02/2022	20/02/2022	
Olivier Estève	20/02/2019	7,500	€48.09	20/02/2022	20/02/2022	
Olivier Estève	20/02/2019	285 ⁽²⁾	€63.12	20/02/2022	20/02/2022	
Dominique Ozanne	20/02/2019	7,500	€48.09	20/02/2022	20/02/2022	
Dominique Ozanne	20/02/2019	1,188 ⁽²⁾	€63.12	20/02/2022	20/02/2022	

(1) During the year N-1.

(2) Upside portion of bonus, paid in shares without performance conditions.

(3) Value of the share calculated by an independent expert.

■ Table 7 – Free performance shares awarded becoming available during the fiscal year for each executive corporate officer

Free shares becoming available for the executive corporate officers (list by name)	Plan date	Number of shares available during the fiscal year	Vesting conditions	Vesting date
Christophe Kullmann	27/04/2016	17,184	Continued service requirement + relative stock market performance requirement (1/2) and target achievement requirement (1/2)	27/02/2019
Olivier Estève	27/04/2016	9,307	Continued service requirement + relative stock market performance requirement (1/2) and target achievement requirement (1/2)	27/02/2019
Dominique Ozanne	23/11/2016	2,735	Presence conditions	23/11/2019
Dominique Ozanne	22/11/2017	26,500	Presence conditions	22/11/2019

■ **Table 9 – History of performance shares awarded**
Information on performance shares

	Plan 3 of 27 April 2016	Plan 1 & 2 of 27 April 2016	Plan 3 of 27 April 2016	Plan 3 of 27 April 2016	Plan of 23 November 2016	Plan of 15 February 2017
General Meeting date	27/04/2016	27/04/2016	27/04/2016	27/04/2016	27/04/2016	27/04/2016
Board of Directors date	27/04/2016	27/04/2016	27/04/2016	27/04/2016	23/11/2016	15/02/2017
Total number of free shares awarded, the number of which awarded to:	31,491	59,410	47,500	15,000	58,145	37,923
Jean Laurent	0	0	0	0	0	0
Christophe Kullmann	17,184	0	0	0	0	18,859
Olivier Estève	9,307	0	0	0	0	10,814
Dominique Ozanne						
Vesting date of France shares	27/02/2019	27/11/2018	27/04/2020	27/04/2019	23/11/2019	15/02/2020
End of retention period for France shares	27/02/2019	27/11/2018	27/04/2020	/	/	/
Vesting date of Germany, Italy and Spain shares	27/02/2019	27/11/2018	27/04/2020	27/04/2019	23/11/2019	15/02/2020
End of holding period for Germany, Italy and Spain shares	/	/	/	/	/	/
Performance conditions	For executive corporate officers, presence +50% linked to the relative stock market performance compared to the EPRA, and 50% linked to the annual individual target achievement rates	Presence	Retention plan, presence +50% linked to the relative stock market performance compared to the EPRA, and 50% linked to the annual individual target achievement rates	3 performance criteria	Presence	For executive corporate officers, presence +50% linked to the relative stock market performance compared to the EPRA, and 50% linked to the annual individual target achievement rates
Number of shares vested at 31/12/2019	31,491	50,416	0	15,000	50,345	0
Number of cancelled or lapsed shares	0	8,994	2,500	0	7,800	0
Free shares still being vested at the end of the year	0	0	45,000	0	0	37,923

Plan of 22 November 2017	Plan 2 of 22 November 2017	Plan of 14 February 2018	Plan of 14 February 2018	Plan of 21 November 2018	Plan of 20 February 2019	Plan of 21 November 2019
27/04/2016	27/04/2016	27/04/2016	27/04/2016	27/04/2016	27/04/2016	27/04/2016
22/11/2017	22/11/2017	14/02/2018	14/02/2018	21/11/2018	20/02/2019	21/11/2019
65,130	27,900	40,523	104,000	79,680	42,208	70,930
0	0	0	0	0	0	0
0	0	15,877	0	0	15,985	0
0	0	8,896	0	0	7,785	0
		7,000	0	0	8,688	0
22/11/2020	22/11/2019	14/02/2021	14/02/2022	21/11/2021	20/02/2022	21/11/2022
/	/	/	/	/	/	/
22/11/2020	/	14/02/2021	14/02/2022	21/11/2021	20/02/2022	21/11/2022
/	/	/	/	/	/	/
For executive corporate officers, presence +50% linked to the relative stock market performance compared to the EPRA, and 50% linked to the annual individual target achievement rates	Presence	For executive corporate officers, presence +50% linked to the relative stock market performance compared to the EPRA, and 50% linked to the annual individual target achievement rates	Retention plan, presence +50% linked to the relative stock market performance compared to the EPRA, and 50% linked to the annual individual target achievement rates	Presence	For executive corporate officers, presence +50% linked to the relative stock market performance compared to the EPRA, and 50% linked to the annual individual target achievement rates	Presence
0	0	0	0	0	0	0
2,530	0	0		80	0	
62,600	27,900	40,523	104,000	79,600	42,208	70,930

Table 11

Executive corporate officers	Executive corporate officers		Employment contract Supplementary pension scheme		Compensation or benefits due or likely to be due by reason of termination of or change of role		Compensation for non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Christophe Kullmann, Chief Executive Officer Start of term of office: 1 January 2019 End of term of office: 31 December 2022		x		x	x			x
Olivier Estève, Deputy General Manager Start of term of office: 1 January 2019 End of term of office: 31 December 2022		x		x	x			x
Dominique Ozanne, Deputy General Manager Start of term of office: 14 February 2018 End of term of office: 31 December 2021		x		x	x			x

4.3.2.2.2. Remuneration paid and/or allocated to non-executive corporate officers within a consolidated scope in respect of the fiscal year ended 31 December 2019

4.3.2.2.2.1. Information in Article R. 225-37-3 of the French Commercial Code

4.3.2.2.2.1.1. Information on the Chairman of the Board of Directors

In accordance with the compensation policy applicable to the Chairman of the Board of Directors, approved by 99.84% of shareholders at the Combined General Meeting held on 17 April 2019 under resolution 8, the remuneration of Covivio's Chairman of the Board of Directors, whose role is presented under 4.3.1.2.2. above, was set on 17 April 2019 by the Board for the duration of his new four-year term, at a total fixed amount of €400 thousand. There was no change in this remuneration from the previous term. It has therefore remained unchanged since 2011.

Alongside this fixed remuneration there is no variable portion, performance bonus or remuneration allocated in respect of his Directorship, or remuneration paid in treasury share.

In 2019, this remuneration of €400 thousand was broken down as follows:

- €391 thousand fixed remuneration
- €9 thousand benefits in kind (company car).

In respect of the fiscal year ended 31 December 2019, the Chairman of the Board of Directors did not receive:

- any variable or exceptional remuneration, or any benefits in kind
- any remuneration, compensation or benefit by reason of taking up an office, end-of service, or changes to duties, or subsequent to exercising these, particularly in the form of pension commitments or other life annuities
- any remuneration paid or allocated by a company within Covivio's scope of consolidation as defined in Article R. 233-16 of the French Commercial Code.

As such, the relative proportion of fixed remuneration represents 100% of total remuneration.

The data relating to subparagraphs 6 and 7 of paragraph I. of Article R. 225-37-3 of the French Commercial Code are presented in paragraph 4.3.2.2.1.5. above.

4.3.2.2.1.2. Information on the members of the Board of Directors

In accordance with the remuneration policy applicable to Directors presented above, in respect of the fiscal year ended 31 December 2019, the Company paid members of the Board of Directors (including Non-voting members) total gross remuneration of €512,000 for their contribution to the Board's work and that of its Specialised Committees, the breakdown of which is presented in paragraphs 4.3.2.2.2. and 4.3.2.4. below.

The gross mean remuneration allocated per Board member, calculated on the basis of all corporate officers (including Non-voting members) having received remuneration in respect of the 2019 fiscal year, was €32,000.

A single lump sum of 12.8% and employment deductions of 17.2%, i.e. a total of 30%, were deducted from remuneration paid to members of the Board of Directors, natural persons who are tax resident in France, representing a total sum of €73,000 in 2019.

A single lump sum of 12.8% was deducted from remuneration paid to members of the Board of Directors (including non-voting members), natural persons who are not tax resident in France, representing a total sum of €26,197 in 2019.

These deductions, totalling €99,197, were paid directly by the Company to the tax administration.

Note that:

- Jean Laurent and Christophe Kullmann have received no remuneration in respect of their Directorship
- since 1 January 2019, Predica, represented by Jérôme Grivet, has waived all of its remuneration due in respect of its Directorship of Covivio and membership of Covivio Hotels' Supervisory Board as well as their committees

- ACM Vie, a Covivio Director, is also a member of the Supervisory Board of Covivio Hotels, and received a gross sum of €3,100 from Covivio Hotels in respect of this position.

In respect of the fiscal year ended 31 December 2019, Directors did not receive:

- any exceptional remuneration or benefits in kind
- any remuneration, compensation or benefit by reason of taking up an office, end-of service, or changes to duties, or subsequent to exercising these, particularly in the form of pension commitments or other life annuities.

As such, the relative proportion of fixed remuneration represents 30% of total remuneration.

With 40% women, the Company's Board of Directors is compliant with the provisions of Article R. 225-69-1 of the French Commercial Code.

4.3.2.2.2. Summary tables of the remuneration of non-executive corporate officers, prepared in accordance with Appendix 4 of the Afep-Medef Code

The information and tables below:

- present a summary of the total remuneration and benefits in kind paid or allocated during the fiscal year ended 31 December 2019 to Jean Laurent (Chairman of the Board of Directors) as well as to each member of the Board of Directors in their capacity of non-executive corporate officers
- were prepared in accordance with the revised version of the Afep-Medef Code published in January 2020 and the AMF recommendation.

■ **Table 3 – Table 3 on the remuneration of non-executive corporate officers paid and/or allocated by the Company and companies within its scope of consolidation under the definition of Article R. 233-16 of the French Commercial Code – Afep-Medef Code standards**

Non-executive officers	Fiscal year ending 31 December 2018		Fiscal year ending 31 December 2019	
	Amounts allocated	Amounts paid	Amounts allocated	Amounts paid
Jean Laurent				
Remuneration (fixed, variable) in respect of his Covivio Directorship	€0	€0	€0	€0
Other remuneration	€440,592 ⁽¹⁾	€440,592 ⁽¹⁾	€400,000	€400,000
Total	€440,592	€440,592	€400,000	€400,000
Leonardo Del Vecchio				
Remuneration (fixed, variable) in respect of his Covivio Directorship	€18,000	€18,000	€34,000	€34,000
Other remuneration in respect of his Beni Stabili Directorship	€25,000	€25,000	€0	€0
Total	€43,000	€43,000	€34,000	€34,000
ACM Vie represented by Catherine Allonas Barthe⁽²⁾				
Remuneration (fixed, variable) in respect of her Covivio Directorship	€37,000	€37,000	€37,000	€37,000
Other remuneration in respect of her position on the Supervisory Board of Covivio Hotels	€3,900	€3,900	€3,100	€3,100
Total	€40,900	€40,900	€40,100	€40,100
Romolo Bardin				
Remuneration (fixed, variable) in respect of his Covivio Directorship	€48,000	€48,000	€48,000	€48,000
Other remuneration	€0	€0	€0	€0
Total	€48,000	€48,000	€48,000	€48,000
Delphine Benchetrit				
Remuneration (fixed, variable) in respect of her Covivio Directorship	€34,000	€34,000	€22,000	€22,000
Other remuneration	€0	€0	€0	€0
Total	€34,000	€34,000	€22,000	€22,000
Jean-Luc Biamonti				
Remuneration (fixed, variable) in respect of his Covivio Directorship	€57,000	€57,000	€58,666	€58,666
Other remuneration	€0	€0	€0	€0
Total	€57,000	€57,000	€58,666	€58,666
Covéa Coopérations represented by Laurent Tollié				
Remuneration (fixed, variable) in respect of its Covivio Directorship	€30,750	€30,750	€27,000	€27,000
Other remuneration	€0	€0	€0	€0
Total	€30,750	€30,750	€27,000	€27,000
Christian Delaire				
Remuneration (fixed, variable) in respect of his Covivio Directorship	€0	€0	€28,000	€28,000
Other remuneration	€0	€0	€0	€0
Total	€0	€0	€28,000	€28,000

Fiscal year ending 31 December 2018			Fiscal year ending 31 December 2019	
Non-executive officers	Amounts allocated	Amounts paid	Amounts allocated	Amounts paid
Sigrid Duhamel				
Remuneration (fixed, variable) in respect of her Covivio Directorship	€42,000	€42,000	€34,000	€34,000
Other remuneration	€0	€0	€0	€0
Total	€42,000	€42,000	€34,000	€34,000
Bertrand de Feydeau				
Remuneration (fixed, variable) in respect of his Covivio Directorship	€63,000	€63,000	€15,667	€15,667
Other remuneration	€0	€0	€0	€0
Total	€63,000	€63,000	€15,667	€15,667
Sylvie Ouziel				
Remuneration (fixed, variable) in respect of her Covivio Directorship	€39,000	€39,000	€35,000	€35,000
Other remuneration	€0	€0	€0	€0
Total	€39,000	€39,000	€35,000	€35,000
Olivier Piani				
Remuneration (fixed, variable) in respect of his Covivio Directorship	€0	€0	€24,000	€24,000
Other remuneration	€0	€0	€0	€0
Total	€0	€0	€24,000	€24,000
Predica represented by Jérôme Grivet				
Remuneration (fixed, variable) in respect of its Covivio Directorship	€52,000	€52,000	€0	€0
Other remuneration in respect of its position on the Supervisory Board of Covivio Hotels	€0	€0	€0	€0
Total	€52,000	€52,000	€0	€0
Patricia Savin				
Remuneration (fixed, variable) in respect of her Covivio Directorship	€42,750	€42,750	€38,000	€38,000
Other remuneration	€0	€0	€0	€0
Total	€42,750	€42,750	€38,000	€38,000
Catherine Soubie				
Remuneration (fixed, variable) in respect of her Covivio Directorship	€41,000	€41,000	€37,667	€37,667
Other remuneration	€0	€0	€0	€0
Total	€41,000	€41,000	€37,667	€37,667
Pierre Vaquier				
Remuneration (fixed, variable) in respect of his Covivio Directorship	€41,000	€41,000	€9,000	€9,000
Other remuneration	€0	€0	€0	€0
Total	€41,000	€41,000	€9,000	€9,000
TOTAL	€1,014,992	€1,014,992	€851,100	€851,100

(1) Of which €40,592 allocated by Beni Stabili in respect of his Directorship.

(2) Remuneration was paid to the Company and not its permanent representative.

4.3.2.3. Remuneration paid and/or allocated to the Chairman of the Board of Directors and members of the General Management in respect of the fiscal year ended 31 December 2019 ("individual" ex-post Say on Pay)

In an "individual" ex-post Say on Pay vote pursuant to Article R. 225-100 III. Of the French Commercial Code, the fixed, variable and exceptional remuneration that make up total remuneration and benefits in kinds paid in respect of the fiscal year ended 31 December 2019 or allocated in respect of the same year, to the Chairman of the Board of Directors and Deputy General Managers of the Company, are the subject of separate draft resolutions (Resolutions 11, 12, 13 and 14) submitted for the approval of the Combined General Meeting on 22 April 2020.

4.3.2.3.1. Remuneration paid and/or allocated by the Company to Jean Laurent in his capacity as Chairman of the Board of Directors in respect of the fiscal year ended 31 December 2019 (Resolution 11)

Elements of remuneration due for the fiscal year ended	Amounts, or valuation for accounting purposes, subject to vote	Presentation
Fixed remuneration	€391 thousand paid in 2019	This fixed remuneration was approved upon his reappointment for a four-year term from 17 April 2019. It will remain unchanged in 2020.
Annual variable remuneration	€0	Not applicable
Deferred variable remuneration	€0	Not applicable
Multiannual variable remuneration	€0	Not applicable
Extraordinary remuneration	€0	Not applicable
Share options	Not applicable	Not applicable
Performance shares	€0	Not applicable
Remuneration allocated in respect of Directorship	€0 thousand	Not applicable
Valuation of benefits of any kind	€9 thousand	This amount includes a company car.

Elements of remuneration due or granted for the fiscal year ended which are subject, or have been subject, to a vote by the General Meeting under the related-party agreements procedure

	Amount subject to a vote	Presentation
Severance pay	€0	Not applicable
Compensation for non-compete clause	Not applicable	There is no non-compete clause.
Employment contract		
Supplementary pension scheme	€0	There is no supplementary pension scheme in place.
Executive corporate officers	€0	There is no employment contract.

4.3.2.3.2. Remuneration paid and/or allocated by the Company to Christophe Kullmann in his capacity as Chief Executive Officer in respect of the fiscal year ended 31 December 2019 (Resolution 12)

Elements of remuneration due for the fiscal year ended	Amounts, or valuation for accounting purposes, subject to vote	Presentation
Fixed remuneration	€700 thousand paid in 2019	This fixed remuneration was approved upon his reappointment for a four-year term, from 1 January 2019. It will remain unchanged in 2020.
Annual variable remuneration	€870 thousand, including €700 thousand in cash and €170 thousand in free shares to be delivered in 2023	The target variable remuneration equals 100% of the fixed annual salary. An upside of as much as 50% of the target is provided for in the event of objectives being exceeded. It is, as the case may be, paid in free shares, themselves subject to a condition of remaining in the Company for three years after the allocation. After examining performance in 2019, described in Section 4.3.1.1.2.2. of the 2019 Universal Reference Document, the Board approved a bonus that represents 124% of the target. This variable remuneration of €700 thousand is paid in cash with the upside of €170 thousand being paid in treasury share definitively allocated at the end of the vesting period in 2023. The payment of this annual variable remuneration is subject to approval by the General Meeting of 22 April 2020 of the remuneration components for Christophe Kullmann.
Deferred variable remuneration	€0	Not applicable
Multiannual variable remuneration	€0	Not applicable
Extraordinary remuneration	€0	Not applicable
Share options	Not applicable	Not applicable
Performance shares	€930 thousand	The principles for the allocation of performance shares as well as the performance conditions are described in Section 4.3.2.1.1.3 of the 2019 Universal Reference Document.
Remuneration allocated in respect of Directorship	€0 thousand	Not applicable
Valuation of benefits of any kind	€37 thousand	This amount comprises a company car and GSC unemployment insurance.

Elements of remuneration due or granted for the fiscal year ended which are subject, or have been subject, to a vote by the General Meeting under the related-party agreements procedure

Amount subject to a vote	Presentation
Severance pay	€0 The theoretical compensation amount is equal to 12 months of total remuneration (fixed salary and the variable portion), plus one month of additional compensation per year of employment with the Company. Receiving this compensation is subject to achieving strict internal and external performance criteria: • 50% of the theoretical compensation amount is linked to changes in the NAV during the three fiscal years prior to the termination of office; • 50% of the theoretical amount of the compensation would be conditioned by achievement of the targeted levels of performance for the three financial years preceding the cessation of functions. The potential compensation such as described above (and detailed in Sections 4.3.2.1.2.1.6. and 4.3.2.2.1.1.4. of the 2019 Universal Reference Document) would be paid only in the event of forced departure due to a change of control or strategy. This would exclude cases in which the Chief Executive Officer would leave the Company at his own initiative, change roles within the Group or exercise rights to retirement benefits on short notice. It was approved by the Board of Directors on 21 November 2018 and by the General Meeting of 17 April 2019, through a vote on Resolution 6.
Compensation for non-compete clause	Not applicable
Employment contract Supplementary pension scheme	€0
Executive corporate officers	€0

4.3.2.3.3. Remuneration paid and/or allocated by the Company to Olivier Estève in his capacity as Deputy General Manager in respect of the fiscal year ended 31 December 2019 (Resolution 13)

Elements of remuneration due for the fiscal year ended	Amounts, or valuation for accounting purposes, subject to vote	Presentation
Fixed remuneration	€400 thousand paid in 2019	This fixed remuneration was approved upon his reappointment for a four-year term, from 1 January 2019. It will remain unchanged in 2020.
Annual variable remuneration	€498 thousand, including €400 thousand in cash and €98 thousand in free shares to be delivered in 2023	The target variable remuneration equals 100% of the fixed annual salary. An upside of as much as 50% of the target is provided for in the event of objectives being exceeded. With a view to aligning with the interests of shareholders, where applicable, it is paid in free shares, which themselves are conditional on the recipient remaining in the Company's employ for three years after the allocation. After examining performance in 2019 described in Section 4.3.1.1.2.2. of the 2019 Universal Reference Document, the Board approved a 2019 bonus that represents 125% of the target. This variable remuneration of €400 thousand is paid in cash with the upside of €98 thousand being paid in treasury share definitively allocated at the end of the vesting period in 2023. The payment of this annual variable remuneration is subject to approval by the General Meeting of 22 April 2020 of the remuneration components for Olivier Estève.
Deferred variable remuneration	€0	Not applicable
Multiannual variable remuneration	€0	Not applicable
Extraordinary remuneration	€0	Not applicable
Share options	Not applicable	Not applicable
Performance shares	€400 thousand	The principles for the allocation of performance shares as well as the performance conditions are described in Section 4.3.2.2.1.3 of the 2019 Universal Reference Document.
Remuneration allocated in respect of Directorship	€0	Not applicable
Valuation of benefits of any kind	€39 thousand	This amount comprises a company car and GSC unemployment insurance.

Elements of remuneration due or granted for the fiscal year ended which are subject, or have been subject, to a vote by the General Meeting under the related-party agreements and commitments procedure	Amount subject to a vote	Presentation
Severance pay	€0	This potential compensation is granted under exactly the same conditions as those pertaining to the Chief Executive Officer, described above and in Sections 4.3.2.1.2.6. and 4.3.2.2.1.4. of the 2019 Universal Reference Document. It was approved by the Board of Directors on 21 November 2018 and by the General Meeting of 17 April 2019, through a vote on Resolution 7.
Compensation for non-compete clause	Not applicable	There is no non-compete clause.
Employment contract Supplementary pension scheme	€0	There is no supplementary pension scheme in place.
Executive corporate officers	€0	There is no employment contract.

4.3.2.3.4. Remuneration paid and/or allocated by the Company to Dominique Ozanne in his capacity as Deputy General Manager in respect of the fiscal year ended 31 December 2019 (Resolution 14)

Elements of remuneration due for the fiscal year ended	Amounts, or valuation for accounting purposes, subject to vote	Presentation
Fixed remuneration	€360 thousand paid in 2019	This fixed remuneration was agreed by the Board of Directors at its meeting on 14 February 2018. It applied for the first two years of the term. At its meeting on 13 February 2020, the Board decided to revalue it at €400 thousand (annual basis, applicable from March 2020), for the following reasons: in the first years of his term, the portfolio of Covivio Hotels increased from €3.2 billion in assets to €7.1 billion, i.e. a 220% increase, with entry into two strategic markets: the United Kingdom, with an acquisition of around €900 million in 2018, and Italy and Central Europe, with a new acquisition secured in 2019, of almost €600 million. Covivio Hotels diversified with 18 hotel partners, 34 brands, is present in 12 countries and 75% of its focus became the upscale and midscale segment. Internally, Dominique Ozanne has taken fully to his position as Deputy General Manager of Covivio. Externally he is recognised by his peers in the real estate sector, as illustrated by his awards in 2020 such as "Manager of the Year" in the real estate sector and leader of tomorrow in the retail, hospitality and mobility real estate sectors. Finally, he also has an excellent reputation in the hotel real estate sector, as attested by the Innovation Award for Best Hotel Partnership, awarded by the MKG Group (consultancy firm specialising in the hotel sector).
Annual variable remuneration	€438 thousand, including €360 thousand in cash and €78 thousand in free shares to be delivered in 2023	The target variable remuneration equals 100% of the fixed annual salary. An upside of as much as 50% of the target is provided for in the event of objectives being exceeded. With a view to aligning with the interests of shareholders, where applicable, it is paid in free shares, which themselves are conditional on the recipient remaining in the Company's employ for three years after the allocation. After examining performance in 2019 described in Section 4.3.1.1.2.2. of the 2019 Universal Reference Document, the Board approved a 2019 bonus representing 122% of the target. This variable remuneration of €360 thousand is paid in cash with the upside of €78 thousand being paid in treasury share definitively allocated at the end of the vesting period in 2023. The payment of this annual variable remuneration is subject to approval by the General Meeting of 22 April 2020 of the remuneration components for Dominique Ozanne.
Deferred variable remuneration	€0	Not applicable
Multiannual variable remuneration	€0	Not applicable
Extraordinary remuneration	€0	Not applicable
Share options	Not applicable	Not applicable
Performance shares	€360 thousand	The principles for the allocation of performance shares as well as the performance conditions are described in Section 4.3.2.1.1.3 of the 2019 Universal Reference Document.
Remuneration allocated in respect of Directorship	€0	Not applicable
Valuation of benefits of any kind	€16 thousand	This amount comprises a company car and GSC unemployment insurance.

Elements of remuneration due or granted for the fiscal year ended which are subject, or have been subject, to a vote by the General Meeting under the related-party agreements and commitments procedure

	Amount subject to a vote	Presentation
Severance pay	€0	This potential compensation is granted under almost all the same conditions as those pertaining to the Chief Executive Officer, described above and in Sections 4.3.2.1.2.1.6. and 4.3.2.2.1.1.4. of the 2019 Universal Reference Document. It was approved by the Board of Directors on 14 February 2018, and then by the shareholders during the General Meeting of 19 April 2018 through a vote on Resolution 5.
Compensation for non-compete clause	Not applicable	There is no non-compete clause.
Employment contract Supplementary pension scheme	€0	There is no supplementary pension scheme in place.
Executive corporate officers	€0	There is no employment contract.

4.3.2.4. Remuneration paid and/or allocated to Non-voting members in respect of the fiscal year ended 31 December 2019

Non-voting members	Fiscal year ending 31 December 2018		Fiscal year ending 31 December 2019	
	Amounts allocated	Amount paid	Amounts allocated	Amount paid
Sergio Erede				
Remuneration (fixed, variable) in respect of his Covivio Directorship	€50,000	€50,000	€42,000	€42,000
Other remuneration	€0	€0	€0	€0
Total	€50,000	€50,000	€42,000	€42,000
Ariberto Fassati				
Remuneration (fixed, variable) in respect of his Covivio Directorship	€0	€0	€22,000	€22,000
Other remuneration	€0	€0	€0	€0
Total	€0	€0	€22,000	€22,000
TOTAL	€50,000	€50,000	€64,000	€64,000

4.3.3. Shareholdings of management and directors

4.3.3.1. Transactions carried out by members of General Management in Covivio shares during the 2019 fiscal year⁽¹⁾

General Management members	Purchase of financial instruments	Price (in €)	Sale of financial instruments	Price (in €)	Number of shares held at 31 December 2018 (to the Company's knowledge)
	17,184 ⁽²⁾	–			
Christophe Kullmann	3,831	81.29	3,831	93.2339	101,630 ⁽³⁾
	9,307 ⁽²⁾	–	2,280 ⁽⁴⁾	–	
Olivier Estève	2,855	81.29	2,283	93.9781	61,065
	29,235 ⁽²⁾	–			
	504	81.29			
Dominique Ozanne	31 ⁽⁵⁾	74.93	–	–	59,813
TOTAL					222,508

(1) The shares allocated on completion of the merger between Beni Stabili and Covivio on 31 December 2018 on the basis of an exchange ratio of 8,245 Covivio shares for 1,000 Beni Stabili shares, were included in the data for the 2018 fiscal year even though the settlement-delivery was on 4 January 2019.

(2) Award of free shares that became available during the 2019 fiscal year.

(3) Fully owned shares to which 18,000 beneficially owned shares are added from a bare ownership transfer.

(4) Bare ownership transfer.

(5) Share allocations for the investment of the 2018 profit-sharing incentive (plus the employer's contribution) in shares.

To the Company's knowledge, the executive officers held 0.26% of the share capital at 31 December 2019.

Subsequent to the end of the fiscal year:

- Christophe Kullmann wholly owns 120,489 shares after the final allocation of 15,000 performance shares and 3,859 free shares delivered on 17 February 2020

- Olivier Estève owns 71,879 shares after the final allocation of 9,000 performance shares and 1,814 free shares delivered on 17 February 2020.

4.3.3.2. Trading in Covivio shares by members of the Board of Directors and related persons in the 2019 fiscal year⁽¹⁾

Members of the Board of Directors	Purchase of financial instruments	Mean value (in €)	Sale of financial instruments	Mean value (in €)	Number of shares held at 31 December 2018 (to the Company's knowledge)
Jean Laurent	-	-	-	-	575
Leonardo Del Vecchio	-	-	-	-	1
(persons related to Leonardo Del Vecchio)	1,240,442	81.29	-	-	23,161,231
ACM Vie	354,797	81.29	-	-	6,624,678
Catherine Allonas Barthe	-	-	-	-	0
Romolo Bardin	791	93.8699	-	-	4,176
Jean-Luc Biamonti	-	-	-	-	460
Covéa Coopérations	28	81.29	-	-	528
(persons related to Covéa Coopérations)	330,815	81.29	-	-	6,176,434
Laurent Tollié	-	-	-	-	0
Christian Delaire	1	81.29	-	-	26
Sigrid Duhamel	-	-	-	-	252
Sylvie Ouziel	24	81.29	-	-	449
Olivier Piani	-	-	-	-	1
Predica	357,838	81.29	-	-	6,681,491
(persons related to Predica)	17,988	81.29	-	-	364,819
Jérôme Grivet	-	-	-	-	0
Patricia Savin	121	86.24	-	-	187
Catherine Soubie	36	81.29	-	-	686
TOTAL					43,015,994

(1) The shares allocated on completion of the merger between Beni Stabili and Covivio on 31 December 2018 on the basis of an exchange ratio of 8,245 Covivio shares for 1,000 Beni Stabili shares, were included in the data for the 2018 fiscal year even though the settlement-delivery was on 4 January 2019.

To the Company's knowledge, the non-executive corporate officers (and persons related to them) held 49.32% of the share capital at 31 December 2019.

After the end of the fiscal year, on 21 February 2019, Sylvie Ouziel vested 2,000 shares.

4.3.4. Special procedures for shareholder participation in General Meetings

Shareholder participation at General Meetings is governed by the legal and regulatory provisions in force and applicable to companies whose shares are listed for trading on a regulated market.

These procedures are described in Article 22 of the Company's Articles of Association, the content of which is presented in full in Section 5.2.1.12. of the Universal Reference Document. It should be noted that Covivio has maintained, at the end of its General Meeting of 17 April 2015, the principle "One share = one vote", approved by the shareholders by waiving the automatic allocation of the double voting right provided by the Florange Law of 29 March 2014.

Any shareholder, regardless of the number of shares held, may attend the General Meeting.

The voting right attached to a share belongs to the beneficial owner for Ordinary General Meetings and to the bare owner for Extraordinary General Meetings.

Pursuant to Article R. 225-85 of the French Commercial Code, the right of any shareholder to attend the General Meeting or to be represented at the meeting is subject to book-entry of his shares either in his name or in the name of the intermediary registering the shares on his behalf, by no later than midnight on the second

business day preceding the meeting, Paris time (record date), or in the registered share accounts kept for the Company by its proxy holder, BNP Paribas Securities Services, or in the bearer share accounts held by the authorised intermediary.

The registration of securities in the bearer share accounts held by the authorised intermediary must be recorded by a participation certificate issued by the intermediary, if necessary by electronic means pursuant to the conditions set out in Article R. 225-61 of the French Commercial Code, as an appendix to the remote or proxy voting form or to the application for an admission card issued in the name of the shareholder or on behalf of the shareholder represented by the registered intermediary.

A template attendance certificate, included as an appendix to the Methodological Guide on processing votes in general meetings published on 30 January 2020 by the *Association Française des Professionnels des Titres* (AFTI), has been produced for the purposes of article R. 225-85 II (last sentence) of the French Commercial Code in the event that the shareholder does not receive their admission card. It is also available on the Company's website.

The record date of the Combined General Meeting of 22 April 2020 is set for Monday, 20 April 2020.

Consequently, the date on which the share must be traded in order to entitle the holder to attend the General Meeting (ex-date) is 15 April 2020 (i.e. in France D-5 before the General Meeting).

Shareholders may exercise their voting right in three ways:

- personally attend the General Meeting by requesting an admission card
- use a postal or proxy voting form, which gives the shareholder the option of choosing one of the following three options:
 - give proxy to the Chairman of the General Meeting: the latter will then vote in the shareholder's name in favour of the adoption of the draft resolutions presented or approved by the Board of Directors and vote against the adoption of all other projects
 - vote by post by following the voting instructions provided

- give proxy to any other physical or legal person of his choice attending the General Meeting by registering the contact details of this person
- vote online before the General Meeting via a secure dedicated website called Voteaccess.

In accordance with new legal and regulatory provisions, abstentions are no longer recorded as votes against the resolutions put to the vote. Like blank and void votes, they are now excluded when counting the votes of shareholders present or represented.

The single postal or proxy ballot paper, updated to take into account these new legal and regulatory provisions, is also available on the Company's website.

After each General Meeting, the Company publishes a summary of the meeting, including the results of the vote for each of the resolutions presented to shareholders.

4.3.5. Elements that could be relevant in the event of a public offer

In accordance with the provisions of Article R. 225-37-5 of the French Commercial Code, please find hereafter our report on the elements likely to have an impact in the event of a public offer.

4.3.5.1. Structure of the Company's share capital

The structure of the share capital is presented in Sections 5.3.2. and 5.3.3. of the Universal Reference Document.

4.3.5.2. Statutory restrictions on the exercise of voting rights and share transfers

Article 8.1 of the Articles of Association establishes an obligation to declare to the Company every instance in which a shareholder's stakehold exceeds the threshold of 1% (or any multiple of this percentage) of the capital or the voting rights relating thereto, including the legal and regulatory thresholds. Such notification must be made by registered letter with return receipt addressed to the registered office within the time limit stipulated in Article R. 233-1 of the French Commercial Code. Mutual fund management firms must carry out such reporting for the entirety of the treasury share held by the funds that they manage.

Unless a declaration has been made under the conditions outlined above, shares above the fraction which should have been declared will have no voting rights attached for any General Meeting held within two (2) years after the date of regularisation of the declaration, at the request, recorded in the minutes of the General Meeting, of one or several shareholders together holding at least one per cent (1%) of the share capital.

Article 8.2 of the Company's Articles of Association provides (i) for legal entities directly or indirectly holding more than 10% of the share capital and (ii) for shareholders indirectly holding, through the Company, a percentage of the share capital or dividend rights of public limited companies listed on the Spanish real estate market ("SOCIMI") at least equal to that referred to in Article 9.3 of the Law of the Kingdom of Spain 11/2009 of 26 October 2009, and whose shares are not recorded in registered form at the latest on the second business day preceding the date of any General Meeting of the Company's shareholders, a cap on voting rights at one-tenth of the number of shares held. This situation may be resolved by ensuring that all the shares held directly or indirectly are registered no later than the second working day prior to the General Meeting in question.

At the date of the Universal Reference Document, the Company is not aware of clauses of agreements providing for preferential disposal or acquisition terms for shares involving at least 0.5% of the capital or voting rights in the Company.

4.3.5.3. Direct or indirect interests in the Company's equity that are known to the Company pursuant to Articles R. 233-7 and R. 233-12 of the French Commercial Code

These elements are described in Section 5.3.4. of the Universal Reference Document.

4.3.5.4. Holders of securities providing special control rights and a description thereof

Nil.

4.3.5.5. Control mechanisms provided for in any employee shareholding scheme where rights of control are not exercised by the latter

Nil.

4.3.5.6. Agreements between shareholders that are known to the Company and that could restrict the transfer of shares and the exercise of voting rights

There are no agreements between shareholders that are known to the Company and that could restrict the transfer of shares and the exercise of Company voting rights.

4.3.5.7. Rules applicable to the appointment and replacement of members of the Board of Directors and changes in the Company's Articles of Association

The Company's Articles of Association on these matters do not differ from the generally accepted guidelines for French public limited companies.

4.3.5.8. Powers of the Board of Directors, in particular as regards the issue or redemption of shares

This information is provided in Section 4.3.1.2.3. above and in Sections 5.3.8. and 5.5.1.4. of the Universal Reference Document. The capital increase authorisations granted by the General Meeting to the Board of Directors are mentioned in Section 4.3.8 below.

4.3.5.9. Agreements entered into by the Company that are amended or terminated in the event of a change of control of the Company, unless such disclosure, except in the case of a legal obligation to disclose, would seriously affect its interests

The majority of Covivio's financing agreements contain clauses concerning a change of control, which, if triggered, could result in the cancellation or early repayment of the debts concerned, provided the lenders so require.

4.3.5.10. Agreements setting out any compensation payable to members of the Board of Directors or employees in the event that they resign or are dismissed without cause or if their employment ceases due to a public offering.

Unlike the compensation awarded under certain circumstances to the Company's executive officers detailed in paragraphs 4.4.3.2.1.2.1.6. and 4.3.2.2.1.1.4. above, there are no specific agreements providing for compensation on termination of a Directorship or applicable to employees.

4.3.6. Agreements referred to under Article R. 225-37-4 of the French Commercial Code

In accordance with the provisions of Article R. 225-37-4 2° of the French Commercial Code, we draw your attention to the following agreements entered into in the 2019 fiscal year, either directly or through intermediaries, between one of the corporate officers or shareholders with more than 10% of voting rights on the one hand and, on the other, a company controlled by the Company under the definition of Article R. 233-3 of the French Commercial Code, with the exception of standard transactions and transactions carried out under normal conditions:

- Investment agreement entered into on 29 October 2019 between Covivio and OPCI Predica Bureaux in the presence

of Predica and the company 6 rue Fructidor covering the redevelopment and division of 31,000 m² of office space in Saint-Ouen (Seine-Saint-Denis) held by the company 6 rue Fructidor and scheduled for delivery in the third quarter of 2021

- Shareholders agreement entered into on 29 October 2019 between Covivio and OPCI Predica Bureaux in the presence of the company 6 rue Fructidor
- Amendment No. 3 to the shareholder agreement of 18 June 2015 (amended on 24 July and 26 December 2017) entered into on 12 December 2019 between Covivio and SCI DS Campus in the presence of Predica and the company SCI Latécoère 2.

4.3.7. Procedure for evaluating standard agreements entered into under normal conditions

Pursuant to Article R. 225-39 of the French Commercial Code, at its meeting on 21 November 2019, the Board of Directors introduced a procedure for an annual review of standard agreements entered into under normal conditions by an established committee within the Company.

The procedure involves setting up an internal committee which meets annually and the remit of which is:

- to review criteria for determining standard agreements entered into under normal conditions defined in the internal charter of the Covivio Group on related-party agreements in order to ensure they are appropriate and in line with market practices
- to analyse in more detail the extent to which financial conditions are normal and
- to submit the agreements that meet these criteria to the Board for approval.

The list of all agreements reviewed by the committee as well as the results of the evaluation and any proposed amendments to the criteria of these agreements are presented to the Board of Directors each year when it meets to discuss the annual financial statements.

- Should the evaluation committee consider that an agreement signed by two companies within the Covivio Group constitutes a related-party agreement, it is then subject to the procedure for auditing related party agreements referred to under Article R. 225-38 of the French Commercial Code.
- If the evaluation committee is uncertain of the characterisation of an agreement, it shall submit it for the evaluation of the Board of Directors. Anyone with a direct or indirect interest in the agreement does not take part in its evaluation.

Having implemented this procedure, the Board of Directors updated the internal charter of the Covivio Group on related-party agreements published on the Company's website to include these provisions.

In accordance with the procedure, at a meeting on 13 February 2020 the Board of Directors was provided with a list of all standard agreements entered into under normal conditions within the Group having been reviewed by the committee as well as the results of its evaluation on the characterisation of all of these agreements as standard and entered into under normal conditions.

4.3.8. Summary of financial authorisations currently in force in the area of capital increases

The General Meeting regularly grants the Board of Directors financial authorisations to increase the Company's share capital by issuing shares and/or securities convertible to equity.

In accordance with the provisions of Article R. 225-37-4, paragraph 3, of the French Commercial Code, we hereby present to you a summary of these delegations currently in force granted by the General Meeting of shareholders of 17 April 2019 concerning capital increases and the use made of them in 2019 and after the year end.

General Meeting date	Description of the authorisation	Validity of the delegation	Use of the authorisation
17 April 2019 Twenty-third resolution	Delegation of authority granted to the Board of Directors to increase the Company's share capital through the capitalisation of reserves, profits or premiums. Nominal capital increase cap set at €24,800,000.	26 months Expiry on 17/06/2021	None
17 April 2019 Twenty-fifth resolution	Delegation of authority to the Board of Directors to issue shares and/or securities convertible to equity, maintaining the shareholders' preferential subscription right. Nominal capital increase cap set at €62,000,000. The nominal amount of the total debt instruments convertible to equity likely to be issued may not exceed €750,000,000 (the total cap for all debt securities that may be issued by virtue of the said delegation and by virtue of delegations of authority granted under Resolutions 26, 27 and 28).	26 months Expiry on 17/06/2021	None
17 April 2019 Twenty-sixth resolution	Delegation of authority to the Board of Directors to issue, through public offering, company shares and/or securities convertible to equity, with waiver of shareholders' preferential subscription rights and a mandatory priority period for share issues. Nominal capital increase cap set at €24,800,000. The nominal amount of the total debt securities likely to be issued may not exceed €750,000,000 (against the overall cap for all debt instruments set by Resolution 25).	26 months Expiry on 17/06/2021	None
17 April 2019 Twenty-seventh resolution	Delegation of authority granted to the Board of Directors to issue shares and/or securities giving access to the Company's share capital, with waiver of shareholders' preferential subscription right, in the event of a public exchange offer initiated by the Company, up to a maximum of 10% of the Company's share capital (maximum nominal amount of capital increases that may be carried out pursuant to this delegation and the authority granted under Resolution 28). The nominal amount of the total debt securities likely to be issued may not exceed €750,000,000 (against the overall cap for all debt instruments set by Resolution 25).	26 months Expiry on 17/06/2021	None
17 April 2019 Twenty-eighth resolution	Delegation of authority granted to the Board of Directors to issue shares and/or securities giving access to the Company's capital to remunerate contributions in kind granted to the Company and consisting of equity securities or securities giving access to the capital, with waiver of shareholders' preferential subscription right, up to a limit of 10% of the share capital (against the overall nominal capital increase set by Resolution 27). The nominal amount of the total debt securities likely to be issued may not exceed €750,000,000 (against the overall cap for all debt instruments set by Resolution 25).	26 months Expiry on 17/06/2021	None



General meeting and corporate governance

Report from the Board of Directors on corporate governance

General Meeting date	Description of the authorisation	Validity of the delegation	Use of the authorisation	
17 April 2019 Twenty-ninth resolution	Delegation of authority granted to the Board of Directors to capital increase reserved for employees of the Company and the companies of the Covivio group covered by a company savings plan, with waiver of shareholders' preferential subscription right. Nominal capital increase cap set at €500,000.	26 months Expiry on 17/06/2021	None	
17 April 2019 Thirtieth resolution	Authorisation to be granted to the Board of Directors to allocation new or existing free shares to employees and/or corporate officers of the Company and its affiliates, with waiver of the shareholders' preferential subscription right in respect of the shares to be issued. Cap set at 1% of the share capital on the day of the decision to allocate them by the Board of Directors	38 months Expiry on 17/06/2022	2019: Allocation of 70,930 free shares	2020: Allocation of 89,351 free shares

4.4. STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS AND REGULATED COMMITMENTS

To the shareholders of Covivio,

In our capacity as statutory auditors of your company, we hereby report on related party agreements and commitments.

We are required to inform you, based on the information we have been given, of the terms and conditions and interest for the company of those agreements and commitments indicated to us, or that we may have discovered during our assignment. We are not required to comment on whether they are beneficial or appropriate or to ascertain if any other agreements and commitments exist. It is your responsibility, in accordance with the terms of article R225-31 of the French code of commercial law, to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition we are required, where applicable, to inform you, in accordance with article R225-31 of the French code of commercial law, of any agreements and commitments previously approved by shareholders which were executed during the year.

We have performed the procedures that we deemed necessary to comply with the professional standards applicable in France to such engagements. Those procedures consisted in verifying that the information we were given was consistent with the underlying documentation.

Agreements and commitments submitted for approval by the General Meeting

In accordance with article L225-40 of the French code of commercial law, we were advised of the following agreements and commitments which were previously approved by your Board of Directors.

COVIVIO Hotels

Person concerned

Mr. Christophe Kullmann, Managing Director and CEO of your company and Chairman of the Supervisory Board of Covivio Hotels; Mr Dominique Ozanne, Deputy Managing Director of your company and Legal representative of Covivio Hotels, General Manager; Olivier Esteve, Deputy Managing Director of your company and member of the Supervisory Board of Covivio Hotels; Predica, a director of your company, represented by Mr Jérôme Grivet and a member of the Supervisory Board of Covivio Hotels represented by Mr. Emmanuel Chabas; Credit Mutuel Vie S.A., a director of your company, represented by Catherine Allonas and a member of the Supervisory Board of Covivio Hotels represented by Mr. Francois Morrisson.

Nature and purpose

In-kind contribution contract for the shares of the Ruhl-Côte d'Azur Civil Real Estate Corporation as well as a debt under an intragroup loan contract.

Terms and conditions

On February 21, 2019, your company signed a contribution agreement with Covivio Hotels that defines the terms of your company's in-kind contribution to Covivio Hotels (i) of the entire shares of the Ruhl-Cote d'Azur Civil Real Estate Corporation, owner of the walls of the Mercure Hotel and the Hotel Le Méridien in Nice (here is the Hotel), and (ii) a debt amounting to 10,500,000 euros under an intragroup loan contract concluded as of December 1, 2015.

Interest of the agreement for the company

Your Board of Directors motivated the interest of the agreement for the company as follows:

Given the fact that Covivio Hotels indirectly holds the business assets and operates the Hotel, your Board of Directors has considered that this operation is part of the simplification of the management of the Hotel and allows a strengthening of your company's shareholding of the company Covivio Hotels.

With Covivio Alexanderplatz LLP, a subsidiary of your company, and BRE/GH II Berlin II Investor GmbH, an indirect subsidiary of Covivio Hotels

Person concerned

Mr. Christophe Kullmann, Managing Director and CEO of your company and Chairman of the Supervisory Board of Covivio Hotels; Mr Dominique Ozanne, Deputy Managing Director of your company and Legal representative of Covivio Hotels, General Manager and Managing Director of the company BRE/GH II Berlin II Investor GmbH; Olivier Esteve, Deputy Managing Director of your company and member of the Supervisory Board of Covivio Hotels and General Manager of the company Covivio Alexanderplatz S.a.r.l.; Predica, a director of your company, represented by Mr Jérôme Grivet and a member of the Supervisory Board of Covivio Hotels represented by Mr. Emmanuel Chabas; Credit Mutuel Vie S.A., a director of your company, represented by Catherine Allonas and a member of the Supervisory Board of Covivio Hotels represented by Mr. Francois Morrisson.

Nature and purpose

Framework Deed Agreement, Neighbour Agreement and Acquisition Agreement as part of the Alexanderplatz Project

Terms and conditions

As part of the joint development project for the Tower D3 of Alexanderplatz in Berlin, the following agreements were concluded on 26 April 2019:

- (i) Framework Deed Agreement between BRE/GH II Berlin II Investor GmbH and Covivio Alexanderplatz LLP to define the conditions and modalities for the sale of the land reserve and existing businesses under the Alexanderplatz project;
- (ii) Neighbour Agreement between BRE/GH II Berlin II Investor GmbH and Covivio Alexanderplatz LLP in order to restore neighbourly relations as part of the completion of the work for the development project of the Tower D3, and it is precise that this agreement also provides for the payment by the company Covivio Alexanderplatz LLP to the company BRE/GH II Berlin II Investor GmbH of a compensation of M 26.5 in damages for the full demolition of certain businesses and the partial demolition of Primark in 2022, the payment of which is expected to take place within thirty days of the start of the demolition planned in 2024;
- (iii) Contract to acquire the land reserve and existing businesses under the Alexanderplatz project from the company BRE/GH II Berlin II Investor GmbH.

Interest of the agreement for the company

Your Board of Directors motivated the interest of the agreement for the company as follows:

Your Board of Directors has considered that these agreements allow your company to make a strategic investment in terms of geographic positioning and value creation potential.

With the company OPCI Predica Bureaux**Person concerned**

The company Predica, a director of your company, represented by Mr Jérôme Grivet and a Director of the company OPCI Predica Bureaux

Nature and purpose

Investment protocol and Shareholders' Agreement for the company 6 Fructidor Street.

Terms and conditions

On October 29, 2019, your company concluded with OPCI Predica Bureaux:

- (i) An investment protocol, in the presence of Predica and the company 6 rue Fructidor;
- (ii) An Shareholders' Agreement, in the presence of the company 6 rue Fructidor; aiming at managing relationships of the Shareholders of the company 6 rue Fructidor in the context of the redevelopment and sharing of a 31,000m² office building located in Saint-Ouen (Seine-Saint-Denis) and who's delivery is planned for the third quarter of 2021.

These agreements were subject of an equity report by an independent expert made available to shareholders on the website of the company, on the occasion of the present Assemblée Generale.

Interest of the agreement for the company

Your Board of Directors motivated the interest of the agreement for the company as follows:

Your Board of Directors has considered that the conclusion of this partnership allows your company to realize, by sharing the investment and risk, a unique real estate complex in a prime location.

With the S.C.I. DS Campus, in the presence of Predica and the S.C.I. Latécoère 2**Person concerned**

The company Predica, a director of your company, represented by Mr Jérôme Grivet and a Director of the company S.C.I. DS Campus.

Nature and purpose

Addendum No. 3 to the S.C.I. Latecoere 2 Shareholders agreement.

Terms and conditions

Your company entered into a June 12, 2019 agreement with the S.C.I. DS Campus, the addendum No. 3 to the Shareholders Agreement of June 18, 2015, amended on July 24 and December 26, 2017, with the purpose of regulating the relations of the shareholders of the S.C.I. Latecoere 2. This addendum No. 3 is part of the completion of the Dassault Systemes campus expansion project through the construction of a new real estate complex, with a ten-year extension of leases on existing campus assets.

Interest of the agreement for the company

Your Board of Directors motivated the interest of the agreement for the company as follows:

Your Board of Directors has considered that the signing of this addendum to Shareholders Agreement allows your company to share the investment related to this extension and thus the associated risk, in the continuity of existing agreements.

Agreements and commitments previously approved by the General Meeting

In accordance with Article R225-30 of the French code of commercial law, we were informed that the following agreements and commitments, previously approved by General Meetings of previous years, were executed during the year.

With Assurances du Crédit Mutuel Vie S.A., in the presence of S.C.I. N2 Batignolles

Person concerned

Assurances du Crédit Mutuel Vie S.A., a director of your company, represented by Mrs Catherine Allonas and a shareholder in S.C.I. N2 Batignolles.

Nature and purpose

Shareholders' agreement relating to S.C.I. N2 Batignolles.

Terms and conditions

On 25 May 2018 your company and Assurances du Crédit Mutuel Vie S.A., in the presence of S.C.I. N2 Batignolles, signed a shareholders' agreement in the framework of the apportionment of a real estate property asset under construction at ZAC Clichy Batignolles in Paris (17e), with total floor space of 16,184m², whose completion is expected during the first quarter of 2021.

With Assurances du Crédit Mutuel Vie S.A., in the presence of S.C.I. du 9 rue des Cuirassiers and S.C.I. du 15 rue des Cuirassiers, relating to the Silex 1 and Silex 2 developments

Person concerned

Assurances du Crédit Mutuel Vie S.A., a director of your company, represented by Mrs Catherine Allonas and a shareholder in S.C.I. du 9 rue des Cuirassiers and S.C.I. du 15 rue des Cuirassiers.

a) Nature and purpose

Shareholders' agreements relating to S.C.I. du 9 rue des Cuirassiers and S.C.I. du 15 rue des Cuirassiers under the Silex 1 and Silex 2 operations.

Terms and conditions

The shareholders' agreements dated 7 December 2017 were intended to organise the shareholder relationships within S.C.I. du 9 rue des Cuirassiers and S.C.I. du 15 rue des Cuirassiers with regard to the Silex 1 and Silex 2 developments involving apportionment of real estate assets located in Lyon Part-Dieu. Your company remains in charge of the operational management of the companies and their assets. The companies have ad hoc steering committees responsible for supervising each company's general manager.

b) Nature and purpose

Performance guarantee under the Silex operation.

Terms and conditions

In the framework of the Silex project and of the determination of the financial terms and conditions of its investment in the companies, Assurances du Crédit Mutuel Vie S.A. has required your company to provide a yield guarantee in respect of the sums invested.

Your company agreed on 7 December 2017 to provide a yield guarantee to Assurances du Crédit Mutuel Vie S.A. has the following characteristics:

- A guaranteed yield of 2.8% per annum during the period from the signature of the yield guarantee up to the end of Silex 2's rent-free period, namely sixteen months after the development's delivery, subject to a minimum period of fifty-four months from the date of signature of the yield guarantee;
- Including any sum paid by one or other of the SCIs to Assurances du Crédit Mutuel Vie SA in the form of any interim or final dividend, reimbursement of share premium or payment of interest, during the period of the yield guarantee.
- In the event of any payment by one or other of the SCIs to Assurances du Crédit Mutuel Vie SA subsequent to the period of the yield guarantee, the partner is required to repay the amount thereof to your company within ten working days of receipt.

Under this guarantee, your company's expense for the 2019 financial year is 0.6 million euros.

With S.C.I. DS Campus, in the presence of Predica and S.C.I. Latécoère 2 extension project**Person concerned**

Predica, a director of your company, represented by Mr Jérôme Grivet and a shareholder in S.C.I. DS Campus.

Nature and purpose

Shareholders' agreement with S.C.I. Latécoère 2 in the framework of the DS Campus extension project.

Terms and conditions

The shareholders' agreement dated 18 June 2015, and modified by addendum on 26 December 2017, is intended to govern the relationships of the shareholders of S.C.I. Latécoère 2 in the framework of the DS Campus extension project in Vélizy-Villacoublay (Hauts-de-Seine). Your company remains the general manager of S.C.I. Latécoère 2 which possesses an ad hoc committee (the "Partnership Committee") whose role is to supervise the company's general manager.

These modalities ended on December 12, 2019, at the signing of the addendum No.3 the Shareholders agreement.

With the company Predica**Person concerned**

Predica, a director of your company, represented by Mr Jérôme Grivet.

Nature and purpose

Shareholders' agreement with S.C.I. 11 Place de l'Europe in the framework of the "Campus Eiffage" project.

Terms and conditions

The shareholders' agreement between your company and Predica dated 19 December 2013 is intended to govern the relationships of the shareholders of S.C.I. 11 place de l'Europe in the framework of the Campus Eiffage development involving apportionment of real estate assets located in Vélizy-Villacoublay. Your company remains the general manager of S.C.I. 11 place de l'Europe which possesses an ad hoc committee (the "Partnership Committee") whose role is to supervise the company's general manager. Shareholders' decisions are taken in accordance with the usual legal requirements.

With S.C.I. New Vélizy, in the presence of Predica**Person concerned**

Predica, a director of your company, represented by Mr Jérôme Grivet and a shareholder in S.C.I. New Vélizy.

Nature and purpose

Shareholders' agreement for S.C.I. Lénovilla in the framework of the New Vélizy development.

Terms and conditions

The shareholders' agreement dated 1st February 2013 between your company and S.C.I. New Vélizy, in the presence of Predica, is intended to govern the relationships of the shareholders of S.C.I. Lénovilla in the framework of the New Vélizy project involving apportionment of real estate assets located in Vélizy-Villacoublay. Your company remains the general manager of S.C.I. Lénovilla which possesses an ad hoc committee (the "Partnership Committee") whose role is to supervise the company's general manager. Shareholders' decisions require the shareholders' unanimous consent.

With S.C.I. DS Campus, in the presence of Predica and S.C.I. Latécoère**Person concerned**

Predica, a director of your company, represented by Mr Jérôme Grivet and a shareholder in S.C.I. DS Campus.

Nature and purpose

Shareholders' agreement for S.C.I. Latécoère in the framework of the DS Campus development.

Terms and conditions

The shareholders' agreement dated 19 October 2012, and modified by addendum on 20 April 2015, is intended to govern the relationships of the shareholders of S.C.I. Latécoère in the framework of the DS Campus project involving apportionment of real estate assets located in Vélizy-Villacoublay. Your company remains the general manager of S.C.I. Latécoère which possesses an ad hoc committee (the "Partnership Committee") whose role is to supervise the company's general manager.

Courbevoie and Paris-La Défense, 13 March 2020

The statutory auditors

MAZARS

Claire Gueydan

ERNST & YOUNG et Autres

Anne Herbein

4.5. STATUTORY AUDITORS' REPORT ON CAPITAL REDUCTION

To the shareholders of Covivio,

In our capacity as statutory auditors of your company and in compliance with article L225-209 of the French code of commercial law in respect of reduction in capital by the cancellation of repurchased shares, we hereby report on our assessment of the terms and conditions of the proposed reduction in capital.

Your Board of Directors requests that it be authorized, with power to sub-delegate and for a period of eighteen months starting on the date of the present General Meeting, to proceed with the cancellation of shares the company was authorized to repurchase, representing an amount not exceeding 10% of its total share capital by period of twenty-four months, in compliance with the article mentioned in the nineteenth resolution covering the same purpose and legal basis.

In this context, your Board of Directors asked you to authorize it to charge the difference between the repurchase value of the cancelled shares and their face value on the item "Issue Premium" or on any other available reserve item, including the legal reserve within 10% of the capital reduction.

We have performed the procedures that we deemed necessary to comply with the professional standards applicable in France to such engagements. The procedures consisted in verifying that the terms and conditions for the proposed reduction in capital, which should not compromise equality among the shareholders, are fair.

We have no matters to report on the terms and conditions of the proposed reduction in capital.

Courbevoie and Paris-La Défense, 13 March 2020

The statutory auditors

MAZARS

Claire Gueydan

ERNST & YOUNG et Autres

Anne Herbein

4.6. STATUTORY AUDITORS' REPORT ON THE ISSUE OF SHARES AND OTHER SECURITIES WITH OR WITHOUT SUPPRESSION OF EXISTING SHAREHOLDERS' PREFERENTIAL RIGHT OF SUBSCRIPTION

To the shareholders of Covivio,

In our capacity as your company's statutory auditors and in accordance with articles L228-92 and L225-135 and following of the French code of commercial law, we hereby report to you on the proposals, submitted for your authorisation, for delegation to the Board of Directors of authority to decide on various issues of shares and/or other securities.

On the basis of its report, the Board of Directors proposes:

- That you authorise it, for a period of twenty-six months with effect from the date of this General Meeting, to decide on the following issues of securities, eventually subject to suppression of your existing preferential right of subscription, and to decide on the final terms and conditions applicable to any such issues of securities:
 - The issue, for consideration or otherwise and subject to existing shareholders' preferential right of subscription (twenty-third resolution), of shares or other securities (including share subscription warrants for new or existing shares) conferring immediate or deferred access to the share capital of the company either free of charge or for a fee :
 - In accordance with Article L. 228-93 paragraph 1 of the French code of commercial law, other securities to be issued are able to provide access to the share capital of the company to be issued by any subsidiary subject directly or indirectly to control in excess of 50% or of any company directly or indirectly exercising control in excess of 50% over the company;
 - In accordance with Article L. 228-93 paragraph 3 of the French code of commercial law, other securities that are share capital of the company are able to provide access to the share capital of the company to be issued by any subsidiary subject directly or indirectly to control in excess of 50% or of any company directly or indirectly exercising control in excess of 50% over the company;
 - The issue, subject to suppression of existing shareholders' preferential right of subscription and by means of a public offering (twenty-fourth resolution), of shares and/or other securities conferring immediate or deferred access to the share capital of the company:
 - In accordance with Article L. 228-93 paragraph 1 of the French code of commercial law, other securities to be issued are able to provide access to the share capital of the company to be issued by any subsidiary subject directly or indirectly to control in excess of 50% or of any company directly or indirectly exercising control in excess of 50% over the company;
 - In accordance with Article L. 228-93 paragraph 3 of the French code of commercial law, other securities that are share capital of the company are able to provide access to the share capital of the company to be issued by any subsidiary subject directly or indirectly to control in excess of 50% or of any company directly or indirectly exercising control in excess of 50% over the company;
 - The issue, in the event of any public exchange offer initiated by your company (twenty-fifth resolution), of shares and/or other securities conferring immediate or deferred access to the share capital of the company;
- That you authorise it, with power to sub-delegate and for a period of twenty-six months with effect from the date of this General Meeting, to make any issue of shares and/or other securities conferring immediate or deferred access to the share capital of the company, or to other existing or future equity securities of the company, for the purpose of remunerating the contribution to the company of shares or other securities conferring access to share capital (twenty-eighth resolution), within the limit of 10% of the company's share capital.

Your Board of Directors informs you that it will not be able, unless authorized by the General Assembly, to make use of the delegations of competence provided by the twenty-third, twenty-fifth, twenty-fifth and twenty-six resolutions, from the deposit by a third party of a proposed public offer for the securities of the company, until the end of the offer period.

The maximum nominal amount of the increases in capital that may be achieved immediately or in the future may not exceed €65,000,000 in respect of the twenty-fifth resolution and €26,000,000 in respect of the twenty-fourth resolution.

The maximum nominal amount of the increases in capital that may be achieved immediately or in the future may not exceed 10% of the company's share capital (existing at the date of use by the Board of Directors of the present authorisation) in respect of the twenty-fifth and twenty-sixth resolutions.

The maximum nominal amount of the debt securities that may be issued may not exceed €750,000,000 in respect of the twenty-third to twenty-sixth resolutions.

It is the Board of Directors' responsibility to prepare and submit a report in accordance with articles R225-113 and following of the French code of commercial law. Our role is to report on the fairness of any financial data extracted from the company's financial statements, on the proposal for suppression of existing shareholders' preferential right of subscription, and on certain other information relating to the issue of securities provided in that report.

We have performed the procedures that we deemed necessary to comply with the professional standards applicable in France to such engagements. Our procedures consisted in verifying the content of the report of the Board of Directors and the bases of determination of the issue prices.

Subject to ulterior examination of the terms and conditions applicable to any issue of securities actually decided on, we have no matters to report with regard to the bases of determination of the issue prices for the equity securities to be issued as described in the report of the Board of Directors in accordance with the twenty-fourth resolution concerning public offers for which the valuation methods listed in the articles L. 225-136 1° and R.225-119 of the commerce code are applicable.

As the bases of determination of the issue prices for the equity securities to be issued in the framework of the twenty-fifth, twenty-third and twenty-fourth resolutions concerning public offers for which the valuation methods listed in the articles L. 225-136 1° and R.225-119 of the commerce code and the twenty-fifth and the twenty-sixth resolutions are not applicable, we cannot express any opinion concerning the calculation of the emission price.

As the final terms and conditions applicable to any actual issues of securities have not been established, we do not at present express any opinion in their respect nor, therefore, in respect of the proposal of the twenty-fourth resolution for suppression of existing shareholders' preferential right of subscription.

In accordance with article R225-116 of the French code of commercial law, we will prepare an additional report on those matters in the event of any actual use by the Board of Directors of the proposed delegations of authority for the issue of shares, other equity securities conferring access to the share capital of the company or providing rights of allocation of debt securities, other securities providing access to equity securities to be issued subsequently, or shares issued subject to suppression of existing shareholders' preferential right of subscription.

Courbevoie and Paris-La Défense, 13 March 2020

The statutory auditors

MAZARS

Claire Gueydan

ERNST & YOUNG et Autres

Anne Herbein

4.7. STATUTORY AUDITORS' REPORT ON THE ISSUE OF SHARES OR OTHER SECURITIES CONFERRING ACCESS TO THE SHARE CAPITAL OF THE COMPANY RESERVED FOR THE BENEFIT OF SUBSCRIBERS TO A CORPORATE SAVINGS PLAN

To the shareholders of Covivio,

In our capacity as your company's statutory auditors and in accordance with articles L228-92 and L225-135 and following of the French code of commercial law, we hereby report to you on the proposal, submitted for your authorisation, for delegation to the Board of Directors of authority to decide on the issue of shares or other securities providing access to the share capital of the company, subject to waiver of existing shareholders' preferential subscription right, reserved for the benefit of employees subscribing to a corporate savings plan of the company and related companies and other entities, as provided for by article L225-180 of the French code of commercial law and article L3344-1 of the French code of employment law, within the limit of a total nominal amount of €500,000.

The aforementioned proposal is submitted for your authorisation in accordance with articles L225-129-6 of the French code of commercial law and L3332-18 and following of the French code of employment law.

On the basis of its report, the Board of Directors proposes that you authorise it, with power to further delegate such authority and for a period of twenty-six months with effect from the date of this General Meeting, to decide on any such issue of securities subject to waiver of your existing preferential subscription right. The Board of Directors would also be empowered to decide on the final terms and conditions applicable to any such issue of securities.

It is the Board of Directors' responsibility to prepare and submit a report in accordance with articles R225-113 and following of the French code of commercial law. Our role is to report on the fairness of any financial data extracted from the company's financial statements, on the proposal for waiver of existing shareholders' preferential subscription right, and on certain other information related to the issue of securities provided in that report.

We have performed the procedures that we deemed necessary to comply with the professional standards applicable in France to such engagements. Our procedures consisted in verifying the content of the report of the Board of Directors and the bases of determination of the issue prices.

Subject to ulterior examination of the terms and conditions applicable to any issue of securities actually decided on, we have no matters to report with regard to the bases of determination of the issue prices for the equity securities to be issued as described in the report of the Board of Directors.

As the final terms and conditions applicable to any actual issue of securities have not been established, we do not at present express any opinion in their respect nor, therefore, in respect of the proposal for waiver of existing shareholders' preferential subscription right.

In accordance with article R225-116 of the French code of commercial law, we will prepare an additional report on those matters in the event of any actual use by the Board of Directors of the proposed delegation of authority for the issue of shares, other equity securities providing access to the share capital of the company or other securities providing access to equity securities to be issued subsequently..

Courbevoie and Paris-La Défense, 13 March 2020

The statutory auditors

MAZARS

Claire Gueydan

ERNST & YOUNG et Autres

Anne Herbein

4.8. PARTIES RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

	Statutory Auditors	Date of appointment	Date of renewal	Expiry of term of office
Titulaires	Cabinet Mazars Tour Exaltis 61, rue Henri-Regnault 92400 Courbevoie	22/05/2000	11/04/2006 25/04/2012 19/04/2018	OGM in 2024 approving the annual financial statements for the year ended 31/12/2024
	Ernst & Young et Autres 1-2, place des Saisons Paris-La Défense 1 92400 Courbevoie	24/04/2013	17/04/2019	OGM in 2025 approving the annual financial statements for the year ended 31/12/2024

The remuneration of the auditors is presented in paragraph 3.2.7.6. annex to the consolidated accounts.

INFORMATION AND MANAGEMENT



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5.1. PRESENTATION OF THE COMPANY

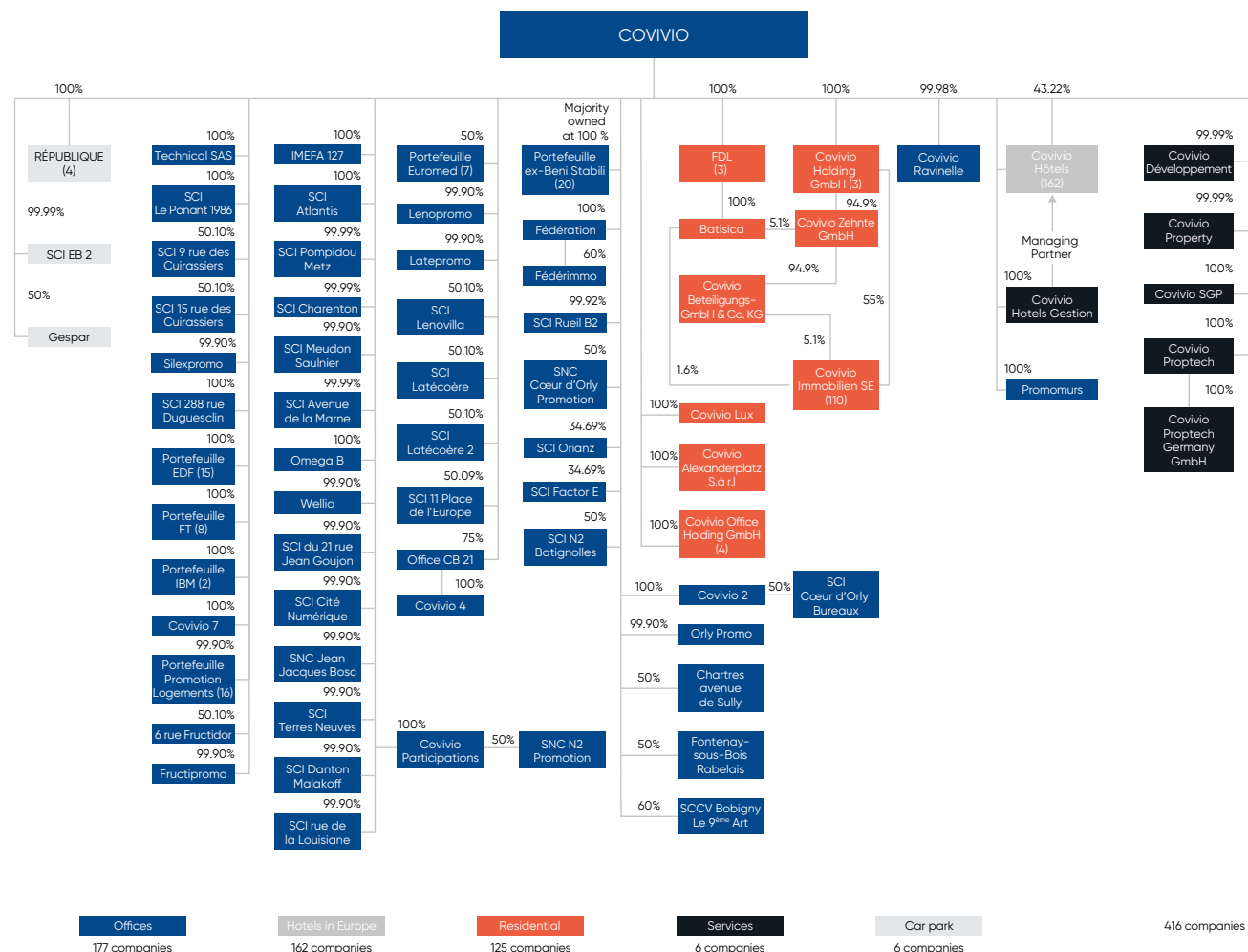
5.1.1. History of the Company (Group Share data)

1963	The Company is formed under the name "Société des Garages Souterrains et du centre commercial Esplanade – Belvédère". Its original purpose was to operate the first underground car park built in Metz.
1983	Listing on the secondary market at the Nancy stock exchange on 16 June.
1998	Acquisition of a set of mainly residential assets from Immobilière Batibail and changes its corporate name to "Garages Souterrains et Foncière des Régions" (GSFR).
1999	Merger between Immobilière Batibail and Gecina. GSFR is brought under the control of the Batipart family holding company chaired by Charles Ruggieri.
2002	Corporate name change: GSFR becomes "Foncière des Régions". Subsidiarisation of the Car Parks business: creation of the company Parcs GFR.
2003	Foncière des Régions opts for the tax status of a "Société Immobilière d'Investissement Cotée" (SIIC, a public real estate investment company). Acquisition of full ownership of the assets in partnership with Morgan Stanley and leased to EDF or France Télécom. These assets represent 1.15 million m2 valued at €850 million and acquisition of 133 buildings from the insurer Azur-GMF.
2004	Foncière des Régions launches a friendly takeover bid for Bail Investissement Foncière.
2005	Creation of Foncière Développement Logements and transfer of housing assets to this entity.
2006	Merger through absorption of Bail Investissement Foncière into Foncière des Régions.
2007	Acquisition of 68% of Beni Stabili, the second-largest public real estate company in Italy. Creation of Foncière Europe Logistique, a public entity (SIIC tax status) dedicated to the logistics business, and transfer of assets to this entity.
2008	Foncière des Régions becomes part of the SBF 120.
2010	Changes in shareholder structure and governance: Batipart sells a large proportion of its investment in Foncière des Régions to Delfin, Predica and Assurances du Crédit Mutuel Vie (ACM Vie). Charles Ruggieri, Chairman of Batipart, resigns as Chairman of the Supervisory Board of Foncière des Régions. Jean Laurent is appointed Director and named Chairman of the Supervisory Board.
2011	Adoption on 31 January 2011 by the General Meeting of Foncière des Régions and the subsequent Board of Directors of a new Governance: • adoption of the legal form of a company with a Board of Directors • segregation of the duties of Chairman of the Board of Directors and Chief Executive Officer, assigned respectively to Jean Laurent and Christophe Kullmann • strengthening of the influence of independent Directors raised to 40% of the members.
2012	Squeeze-out followed by a mandatory delisting by Foncière des Régions of FEL. Award of a BBB- rating with a stable outlook by the Standard & Poor's rating agency.
2013	Separation of France and Germany portfolios in the residential business. Strengthening of Foncière des Régions in Germany: • success of the public exchange offer on Foncière Développement Logements: Following the transaction, Foncière des Régions holds a 59.7% stake in Foncière Développement Logements • €351 million acquisition of housing units in Germany, in Berlin and Dresden.
2014	Creation of FDM Management, a subsidiary and investment partnership specialising in the acquisition of hotel assets on behalf of leading operators.
2015	Successful capital increase of €255 million. S&P raises the Foncière des Régions rating to BBB with a stable outlook.
2016	Foncière des Régions increases its equity in its Foncière des Murs subsidiary and now holds 49.9% of the equity. Foncière des Régions increases its equity in its Beni Stabili subsidiary and now holds 52.2% of the equity. First Green Bond in the amount of €500 million with a ten-year maturity and interest rate of 1.875%. Acquisition of 18 hotels properties and real estates in Germany, France and Belgium for €936 million, via FDM Management.

2017	Launch of Foncière des Régions' new <i>flex-office</i> and <i>co-working</i> offer in three buildings in Paris and Marseille. Pursuit of the strategy in Italy with the splitting of 40% of the Telecom Italia portfolio with Crédit Agricole Assurances and EDF Invest at the end of the first half of 2017. Launch of the Germany Residential development pipeline, representing €488 million in construction or extension projects, largely in Berlin. Foncière des Régions increases its investment in its subsidiary Foncière Développement Logements, wholly owned as of 31 December. The company was de-listed from the exchange.
2018	Foncière des Régions changes identity and becomes Covivio, thus combining all of its European teams under a common banner. Completion of the cross-border merger of Beni-Stabili by Covivio, a key step in simplifying the Group Appointment of Dominique Ozanne as Deputy Executive Officer of Covivio and Laurie Goudallier as Chief Digital Officer. Pursuit of the strategy in Italy with the sharing of 9% of the Telecom Italia portfolio with Crédit Agricole Assurances and EDF Invest, after sharing 40% of the Telecom Italia portfolio in 2017. Improved exposure to the hotel business with the merger-absorption of FDM Management by Covivio Hotels. Covivio obtained a BBB positive outlook rating from S&P.
2019	Covivio expresses its Purpose (Raison d'être): Build sustainable relationships and well-being. Appointment of Daniel Frey and Marcus Bartenstein in the management of Covivio in Germany. Delivery by Covivio of 45,700 m² of offices and 680 hotel rooms in France and Germany. Launch of around 170,000 m² of new projects essentially in Paris, Milan and Berlin. Increase of the development pipeline, with around €8 billion of projects which will strengthen the Group's future growth. Major prerentals on the development pipeline in Milan: 16,000 m² to NTT Data for two buildings on The Sign project, bringing the prerental rate to 100%. Divestment of the Green Corner building in Saint-Denis for 20,800 m², enabling the Group to pursue its strategy of divestment of mature assets. Financial notation: obtention by Covivio of the BBB+ rating, stable perspective, before S&P, due to the improvement of the operational and financial profil. Extra-financial notation: Covivio obtains the best notation (A1+) in the Corporate Rating of Vigeo-Eiris and is first in its field. Covivio successfully launches a Second Green Bond in the amount of €500 million with a ten-year maturity and interest rate of 1.125%. Obtention by Covivio of two EPRA Gold Awards 2019.

5.1.2. Group organisation chart

5.1.2.1. Simplified legal organisational chart of the Group at 31 December 2019 (based on the consolidation scope)



5.1.2.2. Simplified portfolio of the Group as at 31 December 2019



5.2. GENERAL INFORMATION CONCERNING THE ISSUER AND ITS SHARE CAPITAL

5.2.1. General information concerning the issuer

5.2.1.1. Corporate name (Article 2 of the Articles of Association)

Covivio.

The Covivio bonds issued on 17 September 2019 (Green Bond), for an amount of €500 million, maturing on 17 September 2031, carry a fixed coupon of 1.125% and are listed on the Euronext regulated market in Paris under ISIN code FR0013447232.

5.2.1.2. Legal form (Article 1 of the Articles of Association)

Covivio was transformed into a French *société anonyme* (public limited company) with Board of Directors on 31 January 2011.

In application of the law at the conclusion of the merger-absorption of Beni Stabili and in application of the provisions of Article L. 228-101 of the French Commercial Code, Covivio now assumes all obligations related to the following securities previously issued by Beni Stabili:

5.2.1.3. Registered office (Article 4 of the Articles of Association) and the Company's administrative offices

The registered office of Covivio is located at 18, avenue François Mitterrand – 57000 Metz (Telephone: +33 (0)3 87 39 55 00).

Its administrative offices are located at 30, avenue Kléber, 75116 Paris, France (Telephone: +33 (0)1 58 97 50 00).

- the bonds issued on 30 March 2015 in the amount of €125 million, with maturity at 30 March 2022, carry a fixed coupon of 2.125% and are listed on the Irish stock exchange under ISIN code XS1209112793
- the convertible bonds issued on 3 October 2015, for an amount of €200 million, maturing on 31 January 2021, carry a fixed coupon of 0.875% and are listed on the ExtraMOT professional market of the Italian Stock Market under ISIN code XS1268574891
- the bonds issued on 17 February 2017 in the amount of €300 million, maturing on 17 October 2024, carry a fixed coupon of 1.625% and are listed on the Luxembourg stock exchange under ISIN code XS1698714000
- the bonds issued on 20 February 2018 in the amount of €300 million, maturing on 20 February 2028, carry a fixed coupon of 2.375% and are listed on the Luxembourg stock exchange under ISIN code XS1772457633.

5.2.1.4. Trade and Companies Register

Covivio is registered in the Trade and Companies Register of the Metz Judicial Court under number TI 364 800 060.

Its APE code is 6820 B.

The SIRET number of the Company is 364 800 060 00287.

5.2.1.7. LEI (Legal Entity Identifier)

The LEI of Covivio is 969500P8M3W2XX376054.

5.2.1.5. Branch

At the conclusion of the merger-absorption of its subsidiary Beni Stabili, Covivio created a branch in Italy and its registered office is located in Milan (20123), via Carlo Ottavio Cornaggia 10.

5.2.1.8. Nationality

The Company is governed by French law.

5.2.1.6. Market on which the shares and bonds are listed

Covivio shares are listed in compartment A of Euronext Paris (FR0000064578 – COV), and, since 2 January 2019 on the *Mercato Telematico Azionario* (MTA) market of the Milan stock exchange, organized and managed by Borsa Italiana S.p.A. Covivio shares are also admitted for trading on the SRD and is part of the composition of the indices MSCI, SBF120, Euronext IEIF "SIIC France", CAC Mid100, in the benchmark indices of European real estate companies "EPRA" and "GPR 250", EPRA BPRs Gold Awards (financial and sustainable development report), CDP (A-), Green Star GRESB, as well as in the ethical indices ESG FTSE4 Good, DJSI World and Europe, Euronext Vigeo (World 120, Eurozone 120, Europe 120 and France 20), Euronext® CDP Environment France EW, Oekom, Ethibel and Gaia.

The Covivio bonds issued on 28 March 2013, as part of a private placement for an amount of €180 million, maturing on 30 April 2020, carry a fixed coupon of 3.30% and are listed on the Euronext regulated market in Paris under ISIN code FR0011442979.

The Covivio bonds issued on 20 May 2016 (Green Bond), for an amount of €500 million, maturing on 20 May 2026, carry a fixed coupon of 1.875% and are listed on the Euronext regulated market in Paris under ISIN code FR0013170834.

The Covivio bonds issued on 21 June 2017, for an amount of €500 million, maturing on 21 June 2027, carry a fixed coupon of 1.5% and are listed on the Euronext regulated market in Paris under ISIN code FR0013262698.

5.2.1.9. Term of the Company (Article 5 of the Articles of Association)

The Company was created on 2 December 1963 for a period of 99 years.

5.2.1.10. Company purpose (Article 3 of the Articles of Association)

Covivio's object, both in France and abroad, for itself or in partnership with third parties, involves:

- primarily:
 - the acquisition of any land, real estate rights or assets, through purchase, exchange, contribution in kind or else including through construction leases, emphyteutic leases, authorisations for temporary occupancy of public property and finance leases, as well as all assets and rights that may be accessory or attached to the said real estate properties
 - the construction of assets, and any transactions directly or indirectly related to the construction of such assets
 - the operation and creation of value of such real estate assets through rental

- directly or indirectly, the holding of equity investments in entities stipulated in Article 8 and paragraphs 1, 2 and 3 of Article 206 of the French General Tax Code and, in general, the acquisition of shareholdings through contribution, subscription, purchase or exchange of shares or voting rights or else in companies whose primary purpose is the operation of rental real estate portfolio, and the promotion, management and assistance of such entities and companies
- secondarily and directly or indirectly:
 - the leasing of all real estate properties
 - the acquisition, including through concession, of temporary authorisation to occupy public property and the operation of parking facilities
 - the management, administration, negotiation and sale of real estate rights and assets for the account of third parties and of direct and indirect subsidiaries, allocated to the exploitation of industrial and commercial companies in the rental subsector of the tertiary sector (offices, businesses and et logistic) and secondarily in the housing sector
 - la mise à disposition and commercialization of new collaborative and intelligent working spaces, and more generally of open and/or closed working spaces, living rooms, meeting rooms or videoconference, business centers furnished or not, archive rooms and parking spaces
 - the promotion, management and assistance of all direct and indirect subsidiaries
- in exceptional circumstances, the transfer, through sale, contribution, exchange or merger, of the assets of the Company
- and more generally:
 - the participation as borrower and lender in any intra-group loan or cash transactions and the possibility of granting for this purpose any personal guarantees or security interests in real or personal property, whether mortgages or other borrowings
 - and all civil, financial, commercial, industrial, personal and real property transactions deemed useful for the development of any one of the aforementioned purposes of the Company.

5.2.1.11. Documents available to the public

The shareholders have several media and tools to keep informed about the Company and the shares: the website www.covivio.eu, the financial news in the press, the letter to the shareholders, a special email address (actionnaires@covivio.fr), a special toll-free line (+33 (0) 805 400 865) and the annual report.

This Universal Registration Document, published in French and English, is available free of charge and obtained upon request to the Company's administrative offices from the Investor Relations Department. It can also be viewed on the Company's website and on the website of the *Autorité des Marchés Financiers* (French Financial markets authority) (www.amf-france.org).

During the period of validity of this universal registration document, the Company's Articles of Association, corporate documents and all reports, evaluations or declarations drawn up by an expert at the request of the company, part of which is included or referred to in the universal registration document are available if applicable on its website at the following address: www.covivio.eu.

5.2.1.12. Fiscal year (Article 24 of the Articles of Association)

Each fiscal year lasts for 12 months, beginning on 1 January and ending on 31 December of each calendar year.

5.2.1.13. Statutory distribution of profits (Article 25 of the Articles of Association)

- At least five per cent (5%) of the profits for the year less any prior losses, must be withdrawn and allocated to the legal reserve fund. This deduction ceases to be required when the reserve amounts to one tenth (1/10) of the share capital.

Distributable earnings consist of the profit for the year, minus prior losses and sums to be allocated in the reserve as required by law and the Articles of Association, plus any retained earnings.

The General Meeting may take from this profit any sums it deems appropriate to be allocated to optional, ordinary or extraordinary reserves, or to be carried forward.

Any balance left over is distributed by the General Meeting among the shareholders in proportion with the number of shares they hold.

In addition, the General Meeting may decide to distribute sums taken from the reserves at its disposal, expressly indicating the reserve items from which the sums are to be withdrawn. However, dividends are taken primarily from the profit for the year.

Except in case of a reduction in capital, no distribution may be made to shareholders when the shareholders' equity is, or would become following such a distribution, less than the amount of the capital plus the reserves that may not be distributed by law or the Articles of Association. The revaluation reserve may not be distributed. It may be capitalised in whole or in part.

After approval of the financial statements by the Ordinary General Meeting, any losses are carried forward and are offset against earnings of subsequent years until extinction.

The Board of Directors may decide to distribute interim dividend payments prior to the approval of the financial statements for the fiscal year, under the conditions provided for by law.

- The terms for payment of dividends approved by the General Meeting are decided by the General Meeting or by the Board of Directors. However, the payment of dividends must take place within a maximum period of nine (9) months after the end of the fiscal year. An extension of this time period may be granted by court decision.

The General Meeting may offer shareholders an option between payment in cash or payment in new shares of Company shares for all or a portion of the dividend or interim dividend distributed, under the conditions established by law.

The Ordinary General Meeting may approve the distribution of profits or reserves through the distribution of negotiable securities owned by the Company; shareholders will be responsible for grouping themselves, if necessary, to obtain a whole number of securities thus distributed.

- Any Concerned Shareholder whose own situation or that of its partners renders:
 - (i) the Company liable for the withholding (the **"Withholding Tax"**) mentioned in Article 208 C II *ter* of the French General Tax Code or
 - (ii) the SOCIMI companies, whose capital is directly or indirectly held by the Company, liable for Spanish withholding (the **"Spanish Withholding Tax"**) mentioned in Article 9.3 of the Law of November 2009

(a **"Shareholder subject to Withholding"**) will be required to compensate the Company for the Withholding Tax or the Spanish Withholding Tax due following a distribution, by the Company or the SOCIMIs, whose capital is directly or indirectly held by the Company, of dividends, reserves, premiums or "income deemed distributed" pursuant to of the French General Tax Code or the Spanish Law 27/2014 of 27 November 2014 on corporate taxation, respectively, under the conditions of Article 9.3 below.

Any Concerned Shareholder is assumed to be a Shareholder subject to Withholding. If they declare that they are not a Shareholder subject to Withholding, they must provide to the Company at its request:

- (i) for the needs of the Withholding Tax, no later than five (5) business days prior to the payment of the distributions, a satisfactory legal opinion without reservations, issued by an international law firm with recognised expertise in French tax law or of the country of residence of the Concerned Shareholder, certifying that they are not a Shareholder subject to Withholding, that they are the effective beneficiary of the dividends and that the distributions paid to them do not make the Company liable for the Withholding Tax
- (ii) for the needs of the Spanish Withholding Tax, no later than five (5) business days prior to the payment of the distributions, a satisfactory legal opinion without reservations certifying that they are not a Shareholder Subject to Spanish Withholding and that the distributions paid to them by the SOCIMIs, whose capital is directly or indirectly held by the Company, are not subject to the Spanish Withholding, due to their investment in the Company.

In the event in which (a) the Company holds, directly or indirectly, a percentage of the rights to dividends at least equal to that mentioned in Article 208 C II *ter* of the French General Tax Code or greater in one or more listed real estate investment companies mentioned in Article 208 C of the French General Tax Code (a **"Daughter SIIC"**) or (b) the Company holds, directly or indirectly, a percentage of the share capital or rights to dividends at least equal to that mentioned in Article 9.3 of the Spanish Law 11/2009 in one or more SOCIMI companies and, in which the Daughter SIIC or the said SOCIMI, due to the situation of the Shareholder subject to Withholding, would have paid the Withholding Tax or the Spanish Withholding Tax, the Shareholder subject to Withholding must, as the case may be, compensate the Company, either for the amount paid as compensation by the Company to the Daughter SIIC or to the concerned SOCIMI for payment of the Withholding Tax by the Daughter SIIC or the Spanish Withholding Tax by the SOCIMI, or when the Company does not compensate the Daughter SIIC or the SOCIMI in an amount equal to the Withholding Tax paid by the Daughter SIIC or equal to the Spanish Withholding Tax paid by the SOCIMI concerned, such that the other shareholders of the Company do not economically support any portion of the Withholding Tax or of the Spanish Withholding Tax paid respectively by any one of the SIIC or SOCIMI in the chain of investments owing to the Shareholder subject to Withholding (the **"Additional Compensation"**). The amount of the Additional Compensation will be paid by each of the Shareholders subject to Withholding proportionately to their respective dividend rights divided by the total dividend rights of the Shareholders subject to Withholding.

The Company will be entitled to offset its compensatory receivable against any Shareholder subject to Withholding, on the one hand, and the amounts that must be paid by the Company to the shareholder, on the other hand. Thus, the amounts distributed by the Company being required, for each share held by the said Shareholder subject to Withholding, to be paid on their behalf, in application of the aforementioned distribution decision or buyback of shares, will be reduced by the amount of the Withholding Tax or the Spanish Withholding Tax due by the Company or the SOCIMIs for the distribution of these amounts and/or the Additional Compensation.

The amount of any compensation owed by a Shareholder subject to Withholding will be calculated in such a manner that, after payment thereof and taking into account any specific tax regime that maybe applicable to it, the Company will be placed in the same situation as if the Withholding Tax or the Spanish Withholding Tax had not become due. In particular, the compensation must include any tax due by the Company for the compensation.

The Company and the Concerned Shareholders will cooperate in good faith to ensure that all reasonable measures are taken to limit the amount of the Withholding Tax or Spanish Withholding Tax due or to become due and the compensation arising or that could arise from it.

- In the event that (i) following a distribution of dividends, reserves or premiums, or of "products deemed distributed" in the meaning of the French General Tax Code by the Company or by a Daughter SIIC exempt from corporate tax in application of Article 208 C II of the French General Tax Code or following a distribution by a SOCIMI, whose capital is held directly or indirectly by the Company, in the meaning of the Spanish Law 27/2014 of 27 November 2014 on corporate taxation, it is discovered that a shareholder was a Shareholder subject to Withholding on the date of the payment of the said sums and that (ii) the Company, the Daughter SIIC and/or the said SOCIMI ought to have paid the Withholding Tax or the Spanish Withholding Tax of the amounts thus paid, and the sums had already been subject to the compensation specified in Article 25.3 above, the Shareholder subject to Withholding must pay to the Company, as compensation for the damages suffered by this latter, an amount: (a) equal to the Withholding Tax that would have been paid by the Company for each share of the Company that it held on the day of payment of the concerned distribution of dividends, reserves or premiums, (b) equal to any damages suffered by the Company resulting from the payment of the Spanish Withholding Tax by the SOCIMIs, whose capital is directly or indirectly held by the Company as this payment is attributable to the Concerned Shareholder and (c) as the case may be, the amount of the Additional Compensation (the **"Compensation"**).

Where relevant, the Company will be entitled to make an offset, in the appropriate amount, between its receivables under the Indemnity and any sums that may subsequently become due to this Shareholder subject to Withholding, without prejudice, as appropriate, to the prior allocation to the said sums of the offset as provided for in paragraph 4 of Article 25.3 above. In the event that, after such an offset is made, the Company has still not been paid the amounts owed by Shareholder subject to Withholding under the Indemnity, the Company will be entitled to make a new offset, in the appropriate amount, against any sums that may subsequently be payable to this Shareholder subject to Withholding until the final extinguishment of the said debt.

5.2.1.14. General Meetings (Article 22 of the Articles of Association)

General Meetings are called under the conditions set by the laws and regulations in force.

Meetings are to be held at the registered office or at any other location indicated in the notice of meeting.

Every shareholder has the right to attend General Meetings and to participate in the deliberations, in person or by proxy, upon presentation, under the applicable legal and regulatory conditions, of his or her identity and of the registration of the shares in the books in the name of the shareholder or of an intermediary registered on his or her behalf.

The General Meetings are chaired by the Chairman of the Board of Directors or, failing this, by a Vice-Chairman or, in the absence of the latter, by a Director specially appointed for this purpose by the Board. Failing this, the General Meeting elects the Chairman of the meeting.

The two (2) shareholders attending the General Meeting with the highest number of votes are elected scrutineers, if they so accept.

The Executive Board (bureau) will appoint the Secretary, who may be chosen from outside the shareholders.

At each General Meeting, an attendance sheet must be compiled under the conditions provided by law.

Copies or excerpts of the minutes of the General Meetings will be validly certified by the Chairman of the Board of Directors, a member of the Board or the Secretary of the General Meeting.

Ordinary and Extraordinary General Meetings, deliberating under the conditions of quorum and majority set forth in the respective provisions governing them, will exercise the powers attributed to them by law.

Shareholders may vote by post, appoint a proxy or send their proxy form by any means permitted under the laws and regulations in force. In particular, shareholders may send the Company proxy or postal voting forms by fax or e-mail before the General Meeting, under the conditions set by law. The proxy and postal vote forms may be signed electronically if the electronic signature satisfies the requirements defined in the first sentence of paragraph 2 of Article 1316-4 of the French Civil Code.

On the decision of the Board of Directors, the shareholders may take part in the General Meeting by videoconference or vote by any remote means of communication and teletransmission, including the internet, under the conditions set forth in the regulations applicable at the time the communication method is used. This decision must be included in the meeting notice published in the *Bulletin des Annonces Légales Obligatoires* (BALO).

Shareholders will be considered as being present for quorum and majority calculations if they participate in the General Meeting by videoconference or by any remote means of communication and teletransmission, including the internet, which enables shareholders to be identified under the conditions provided for by laws and regulations.

5.2.1.15. Statutory threshold crossing (Article 8 of the Articles of Association)

- In addition to the legal obligation to notify the Company of the holding of certain fractions of the capital and to make any resultant declarations of intent, any physical person or legal entity, acting alone or in concert, who has come to hold or stops holding, directly or indirectly, at least one per cent (1%) of the Company's capital or voting rights, or any multiple of this percentage, must notify the Company, by registered post with proof of receipt request to the registered office within the period provided for in Article R. 233-1 of the French Commercial Code, also indicating the number of securities ultimately giving access to the share capital it holds, the number of related voting rights as well as all the information referred to in Article L. 233-7 I of the French Commercial Code. Mutual fund management firms must carry out such reporting for the entirety of the shares of the Company held by the funds that they manage.

This reporting obligation applies to all cases of exceeded thresholds mentioned above, including beyond the statutory and regulatory thresholds. Unless a declaration has been made under the conditions outlined above, shares above the fraction which should have been declared will have no voting rights attached for any General Meeting held within two (2) years after the date of regularization of the declaration, at the request, recorded in the minutes of the General Meeting, of one or several shareholders together holding at least one per cent (1%) of the share capital.

- (i) any shareholder other than a physical person that holds, directly or by intermediary of entities that it controls in the meaning of Article L. 233-3 of the French Commercial Code, a percentage of rights to dividends of the Company at least equal to that mentioned in Article 208 C II *ter* of the French General Tax Code and
- (ii) any shareholder who holds indirectly, by intermediary of the Company, a percentage of the share capital or rights to dividends of listed real estate investment companies in Spain (the "SOCIMI") at least equal to that mentioned in Article 93 of the Spanish Law 11/2009 of 26 October 2009 (the "Law 11/2009")

(together a "Concerned Shareholder") is required to register all of the shares of the Company that they own in their name and such that the entities that they control in the meaning of Article L. 233-3 of the French Commercial Code register all of the shares of the Company that they own in their name. Any Concerned Shareholder which has not met these obligations by the second working day prior to a General Meeting will have the voting rights it holds, either directly or via entities it controls pursuant to of Article L. 233-3 of the French Commercial Code, capped at a tenth (1/10) of the number of shares that they hold, respectively, at the relevant General Meeting. The Concerned Shareholder referred to above will regain all of the voting rights attached to the shares it holds, directly or by intermediary of entities it controls pursuant to of Article L. 233-3 of the French Commercial Code, at the next following General Meeting, provided that it regularises its situation by registering all the shares it holds, directly or intermediary of entities it controls pursuant to of Article L. 233-3 of the French Commercial Code, in registered form, by the second working day prior to that General Meeting.

5.2.2. General information concerning the share capital

5.2.2.1. Form of shares – Identification of holders (Article 7 of the Articles of Association)

- Shares will be registered or bearer shares, at the shareholder's choice.
- Shares will be registered in the account of their owner under the conditions and the terms provided for by the legal provisions in force.
- The Company may use the provisions outlined in Articles L. 228-2 *et seq.* of the French Commercial Code at any time to identify (i) holders of securities conferring immediately or in the future voting rights in its own General Meetings of Shareholders (a "General Meeting") and (ii) holders of bonds issued by the Company.

5.2.2.2. Transfer of shares (Article 9 of the Articles of Association)

The shares are freely negotiable.

5.2.2.3. Rights and obligations attached to shares (Article 10 of the Articles of Association)

Each share gives the right to ownership of the corporate assets and a share of the profits and the proceeds of liquidation in proportion to the number of existing shares.

Shareholders are only responsible for Company debts up to the limit of their contribution, i.e. the par value of their shares.

Each shareholder will have the same number of votes as the number of shares owned or represented. No double voting rights are conferred pursuant to Article L. 225-123, last paragraph, of the French Commercial Code.

Ownership of one share legally implies compliance with the Articles of Association and decisions of the General Meetings.

Whenever it is necessary to hold several shares to exercise any right, in the event of exchange, reverse split or share allotments, or in the event of a capital increase or reduction, merger or other corporate transactions, the owners of only one share or a number of shares less than the number required may exercise these rights only if they personally ensure the grouping or purchase or sales of the necessary number of shares or allotment rights.

Shares are indivisible with respect to the Company, which recognises only one owner for each share. Joint owners are required to be represented in relation to the Company by one person only. The voting right attached to a share belongs to the beneficial owner for Ordinary General Meetings and to the bare owner for Extraordinary General Meetings.

5.2.2.4. Conditions for modification of the share capital

The Company's Articles of Association do not provide any rules in order to change the share capital. These decisions are subject to the legal and regulatory provisions that allow the Extraordinary General Meeting to delegate to the Board of Directors, which may sub-delegate, the powers or authority necessary to modify the Company's share capital and the number of shares, particularly in the event of a capital increase or reduction.

You will be asked in an Extraordinary General Meeting to delegate certain financial authority to the Board of Directors in terms of capital increases and decreased by the cancellation of shares acquired in share buyback programmes. The financial delegations are presented in the report of the Board of Directors on the text of the draft resolutions in Section 4.2.2.2.

5.3. SHAREHOLDING STRUCTURE

Covivio includes among its important shareholders the groups Delfin, Crédit Agricole Assurances, Covéa and Assurances du Crédit Mutuel.

5.3.1. Information on the share capital

As at 1 January 2019, Covivio's share capital was €248,708,694 divided into 82,902,898 fully paid-up shares, each with a par value of €3 and all of the same class.

At year-end, and taking into account the capital increases completed in 2019, Covivio's share capital was €261,659,718 divided into 87,219,906 fully paid-up shares, each with a par value of €3 and all of the same class.

Since the close of 2019, the Company's share capital has increased to €261,773,487. It now comprises 87,257,829 shares.

5.3.2. Securities giving access to the share capital

■ Convertible bonds issued by Beni Stabili on 3 August 2015 with maturity on 31 January 2021

	Balance of convertible bonds at 1/1/2019	Number of convertible bonds repaid in 2019	Number of convertible bonds bought back by Covivio in 2019	Number of convertible bonds delisted by Beni Stabili in 2019	Balance of convertible bonds at 31/12/2019	Number of convertible bonds repaid after the close of the fiscal year
Convertible bonds	2,000,000	None	None	None	2,000,000	None

The convertible bonds may, at the conclusion of the merger-absorption of Beni Stabili, be converted into Covivio shares.

The conversion price has been adjusted from €118.0836 to €112.1298 per convertible bond from 13 May 2019, in order to take into account the impact of the distribution of profits exceeding the dividend threshold applicable for the 2018 financial year (€0.3191) and the 10% discount offered under the dividend payment option in actions.

Free shares: the number of shares that may be issued under free share grants implemented by the Company stood at 454,604. These shares may be new or existing shares.

Information on the allocation of free shares is provided in Section 5.3.92 below of this chapter.

No other securities giving access to the share capital of the Company exist.

Potential share capital at 31 December 2019: the table below reflects the theoretical change in the Company's share capital taking into account the maximum potential creation of shares resulting from exercise of all the ORNANE 2013 bonds and the final allocation of free shares.

Number of shares at 31 December 2019	87,219,906
Number of potential shares to issue in relation to convertible bonds	1,783,647, or a potential dilution of 1.99%
Number of potential shares to issue in relation to free shares	454,604, or a potential dilution of 0.51%
Maximum total number of shares to issue	2,238,051, or a potential dilution of 2.50%
Total number of shares in the share capital	89,458,157 or a potential capital share of €268,374,471

5.3.3. Share capital structure and voting rights

In accordance with the provisions of Article 10 of the Articles of Association amended by the General Meeting of 17 April 2015, each shareholder will continue to have the same number of votes as he or she has shares. No double voting rights are conferred pursuant to Article L. 225-123, last paragraph, of the French Commercial Code. Nevertheless, the number of voting rights exercisable in a General Meeting is adjusted to take account of treasury shares, which do not bear voting rights.

The table below shows the share capital structure and voting rights over the past three fiscal years, among shareholders or groups of shareholders who, to the Company's knowledge, own or may come to own, given the shares and voting rights attached to them pursuant to Article L. 233-9 of the French Commercial Code, 5% or more of the capital or voting rights.

	31/12/2019				31/12/2018				31/12/2017			
	Number of shares	% of the share capital	% of theoretical voting rights ⁽¹⁾	% of voting rights exercisable in GM ⁽²⁾	Number of shares	% of the share capital	% of theoretical voting rights ⁽¹⁾	% of voting rights exercisable in GM ⁽²⁾	Number of shares	% of the share capital	% of theoretical voting rights ⁽¹⁾	% of voting rights exercisable in GM ⁽²⁾
Public	44,036,168	50.49	50.49	50.59	41,973,135	50.63	50.63	50.77	35,277,831	47.14	47.14	47.18
Delfin Group ⁽³⁾	23,161,231	26.55	26.55	26.61	21,920,790	26.44	26.44	26.51	21,288,050	28.45	28.45	28.47
Groupe Crédit Agricole Assurances	7,046,310	8.08	8.08	8.09	6,670,484	8.05	8.05	8.07	5,604,455	7.49	7.49	7.49
Assurances du Crédit Mutuel	6,624,678	7.60	7.60	7.61	6,269,881	7.56	7.56	7.58	6,269,881	8.38	8.38	8.39
Covéa Group	6,176,962	7.08	7.08	7.10	5,846,147	7.05	7.05	7.07	6,333,741	8.46	8.46	8.47
Treasury shares	174,557	0.20	0.20	/	222,461	0.27	0.27	/	56,006	0.08	0.08	/
TOTAL	87,219,906	100%	100%	100%	82,902,898⁽⁴⁾	100%	100%	100%	74,829,964	100%	100%	100%

(1) These percentages are calculated on the basis of all shares with voting rights attached, including shares temporarily without voting rights.

(2) These percentages are calculated by excluding shares held by the Company that do not have voting rights.

(3) Delfin SARL is a holding company that belongs to the Del Vecchio family. Delfin SARL is primarily involved in financial business and equity investments and controls Aterno and DFR Investment. It also controls the Luxottica Group, the world leader in the production, wholesale distribution and retail sale of glasses and sunglasses.

(4) Of which 7,498,887 shares issued as part of the completion of the merger-absorption of Beni Stabili by Covivio on 31 December 2018 and whose settlement-delivery occurred on 4 January 2019.

To the Company's knowledge:

- there has been no significant change in the share capital structure and voting rights since year-end
- there are no other shareholders owning, directly or indirectly, alone or in concert, more than 5% of the capital or voting rights
- there are no shareholder agreements involving at least 0.5% of the capital or voting rights in the Company, nor any concerted actions.

The Company is neither directly nor indirectly controlled pursuant to of Article L. 233-3 of the French Commercial Code.

As at 31 December 2019, Covivio directly held, outside the terms of the liquidity agreement (37,671), 136,886 treasury shares. A description of the share buyback programmes implemented during the fiscal year is provided in Section 5.3.8.

There is no cross-shareholding. Covivio has no direct or indirect capital interest in any company which, in turn, has a controlling interest in Covivio.

Using the services of Euroclear, the Company has identified the holders of shares that entitles to voting rights, either immediately or in the future, in its own General Meetings. The findings identified some 9,985 individuals and nearly 973 financial institutions as shareholders of the Company.

5.3.4. Threshold crossing disclosures

During 2019, the Company was informed of the following legal and statutory threshold crossings:

Shareholder	Date limit exceeded	Upward threshold crossing		Downward threshold crossing		Shares	Voting rights	% of the share capital	% of the voting rights
		Legal	Articles of Association	Legal	Articles of Association				
BNP Paribas Asset Management ⁽¹⁾	28 December 2018	/	2%	/	/	1,564,398	1,561,940	2.0713%	2.0713%
Aterno S.à.r.l.	31 December 2018	/	/	/	16%	12,489,799	12,489,799	15.07%	15.07%
DFR Investment S.à.r.l.	31 December 2018	/	/	/	11%	9,047,355	9,047,355	10.91%	10.91%
Delfin S.à.r.l.	31 December 2018	/	/	/	28% and 27%	21,920,790 ⁽²⁾	21,920,790 ⁽²⁾	26.44%	26.44%
ACM VIE SA	31 December 2018	/	/	/	8%	6,269,881	6,269,881	7.56%	7.56%
Predica	31 December 2018	/	7%	/	/	6,323,653	6,323,653	7.63%	7.63%
Groupe Crédit Agricole Assurances	31 December 2018	/	8%	/	/	6,670,484	6,670,484	8.05%	8.05%
BNP Paribas Asset Management ⁽¹⁾	20 March 2019	/	/	/	2%	1,652,754	1,647,974	1.9936%	1.9878%
DFR Investment S.à.r.l.	25 March 2019	/	11%	/	/	9,430,990	9,430,990	11.37%	11.37%
BNP Paribas Asset Management ⁽¹⁾	12 April 2019	/	2%	/	/	1,670,385	1,665,605	2.0067%	2.0009%
BlackRock	20 June 2019	/	/	/	/	3,985,981	3,985,981	4.79%	4.79%

⁽¹⁾ Disclosure including the number of shares to which the convertible bonds give entitlement.

⁽²⁾ Of which 21,537,154 shares and voting rights indirectly held by Delfin S.à.r.l.

5.3.5. Declarations of intent

No declaration of intent was made during 2019.

5.3.6. Change in the capital over the last five years

The Company's share capital has evolved as follows over the last five years:

	31 December 2015	31 December 2016	31 December 2017	31 December 2018	31 December 2019
Share capital	€199,889,196	€206,273,556	€224,489,892	€248,708,694	€261,659,718
Number of shares	66,629,732	68,757,852	74,829,964	82,902,898	87,219,906

The changes in the Company's share capital arise from the transactions described below:

Date	Type	Number of shares issued	Share premium amount (in €)	Number of shares	Capital amount (in €)
23 March 2015	Capital increase with preferential subscription rights	3,917,722	242,898,764	66,601,279	199,803,837
2 November 2015	Final allocation of free shares	27,953	/	66,629,232	199,887,696
4 November 2015	Final allocation of free shares	500	/	66,629,732	199,889,196
22 February 2016	Final allocation of free shares	31,624	/	66,661,356	199,984,068
27 April 2016	Capital increase remunerating contributions in kind	1,072,923	68,559,779.70	67,734,279	203,202,837
31 May 2016	Capital increase reserved for employees	18,004	1,195,465.60	67,752,283	203,256,849
28 June 2016	Capital increase resulting from the first public exchange offer on the shares of Covivio Hotels	528,071	39,288,405	68,280,354	204,841,062
22 July 2016	Capital increase resulting from the second public exchange offer on the shares of Covivio Hotels	68,445	5,483,813.40	68,348,799	205,046,397
2 November 2016	Final allocation of free shares	38,780	/	68,387,579	205,162,737
16 December 2016	Capital increase resulting from the exercise of the right to allocate shares under ORNANE 2011	2,783	205,515.41	68,390,362	205,171,086
23 December 2016	Capital increase resulting from the exercise of the right to allocate shares under ORNANE 2011	367,490	28,220,574.93	68,757,852	206,273,556
17 January 2017	Capital increase without preferential subscription right and with a priority period	5,076,786	384,769,610.94	73,834,638	221,503,914
15 February 2017	Final allocation of free shares	35,812	/	73,870,450	221,611,350
6 November 2017	Final allocation of free shares	5,493	/	73,875,943	221,627,829
22 November 2017	Capital increase remunerating contributions in kind	916,951	16,721,090	74,792,894	224,378,682
4 December 2017	Final allocation of free shares	37,070	/	74,829,964	224,489,892
16 February 2018	Final allocation of free shares	33,071	/	74,863,035	224,589,105
11 May 2018	Capital increase resulting from the exercise of the right to allocate shares under ORNANE 2013	90,852	7,963,151.37	74,953,887	224,861,661
8 June 2018	Capital increase resulting from the exercise of the right to allocate shares under ORNANE 2013	232,192	21,211,303.39	75,186,079	225,558,237
22 June 2018	Final allocation of free shares	92,500	/	75,278,579	225,835,737
7 November 2018	Capital increase resulting from the exercise of the right to allocate shares under ORNANE 2013	69,657	5,770,845.62	75,348,236	226,044,708
26 November 2018	Final allocation of free shares	55,775	/	75,404,011	226,212,033
31 December 2018	Capital increase following the completion of the merger-absorption of Beni Stabili by Covivio	7,498,887	531,681,431	82,902,898	248,708,694
7 February 2019	Capital increase resulting from the exercise of the right to allocate shares under ORNANE 2013	3,637	310,349.57	82,906,535	248,719,605
19 February 2019	Final allocation of free shares	8,500	/	82,915,035	248,745,105
27 February 2019	Final allocation of free shares	31,491	/	82,946,526	248,840,721
	Capital increase resulting from the exercise of the right to allocate shares under ORNANE 2013	381	32,629.33	82,946,907	248,840,721
29 March 2019	Capital increase resulting from the exercise of the right to allocate shares under ORNANE 2013	294,035	25,947,858.94	83,240,942	249,722,826
29 April 2019	Final allocation of free shares	15,000	/	83,255,942	249,767,826
3 June 2019	Payment of the dividend in shares	3,885,719	304,212,940.51	87,141,661	261,424,983
22 November 2019	Final allocation of free shares	27,900	/	87,169,561	261,508,683
25 November 2019	Final allocation of free shares	50,345	/	87,219,906	261,659,718

Following the close of the fiscal year, 37,923 new shares were Issued, bringing the capital to €261,773,487, divided into 87,257,829 shares.

Date	Type	Number of shares issued	Share premium amount (in €)	Number of shares	Capital amount (in €)
17 February 2020	Final allocation of free shares	37,923	/	87,257,829	261,773,487

5.3.7. Employee shareholding

In accordance with the provisions of Article L. 225-102 of the French Commercial Code, you will find hereafter a report on employee shareholding in the Company's share capital as at

the last day of the fiscal year, representing 292,350 Covivio shares, *i.e.* 0.34% of the capital.

5.3.8. Information about the share buyback programme

In 2019, Covivio used the authorisation granted by the General Meeting of 19 April 2018, and that granted by the General Meeting of 17 April 2019, and implemented on the same day by a decision of the Board of Directors, to renew and continue the liquidity agreement with Exane BNP Paribas under the same conditions.

This share buyback programme, which cannot be implemented during public offer periods, has the following characteristics and procedures:

- the maximum purchase price is €105 per share (excluding acquisition expenses)
- the maximum amount of funds allocated to the buyback programme would be €150 million
- purchase, sale, exchange or transfer transactions may be executed by any means, whether on the market or over the counter, including block purchases or sales, or by using financial instruments, with the following primary aims:
 - implementing a liquidity agreement with an investment service provider under the conditions and according to the methods set by the regulations in place and recognised market practices
 - allocating grants to employees and corporate officers of the Company and/or companies in its group
 - delivering shares upon the exercise of rights attached to securities entitled to the allocation of shares
 - holding and delivering them as payment or in exchange under potential external growth transactions, mergers, spin-offs or contributions

- cancelling shares
- using them in any other practice that may come to be recognised by law or by the French Financial Markets Authority (*Autorité des Marchés Financiers*) or any other purpose that would provide a basis for the presumption of legitimacy.

The last authorisation brought an end to the previous share buyback programme, which amounted to 193,083 treasury shares held by the Company at 17 April 2019, of which:

- 34,192 shares from the liquidity agreement, given that a new liquidity agreement has been entered into on 10 January 2019 with Exane BNP Paribas in accordance with EU regulation n° 596/2014 of the European Parliament and Council of 16 April 2014 on market abuse, EU Delegated Regulation 2016/908 of the Commission of 26 February 2016 completing the EU Regulation n° 596/2014, and the AMF decision n° 2018-01 of 2 July 2018 on liquidity agreements as a market practice admitted by the AMF
- 158,891 shares allocated to the employee shareholding plan coverage within (i) the allocation of free shares to the Company for the benefit of employees and/or corporate officers of Covivio and (ii) the investment of the profit sharing and incentive (Increased by the subsequent contribution of the Company) in shares of the Company by the employees of the group.

The terms and conditions relating to the new buyback programme were set forth in the share buyback programme description posted on the Company's website on 17 April 2019.

The treasury share movements in terms of transactions and use in 2018 shown by type of objective being pursued by the Company were as follows:

(in number of shares)	Position at 31/12/2018	Movements over the period					Situation at 31/12/2019	Fraction of share capital at 31/12/2019	Nominal value at 31/12/2019 (in €)
		Acquisition	Sale	Reclustering	Reallocation	Cancellation			
Liquidity agreement	63,343	416,401	442,073	-	-	-	37,671	0.04%	113,013
Employee shareholding plan coverage	158,891	-	-	22,005	-	-	136,886	0.16%	410,658
Delivering shares upon the exercise of rights attached to securities	227	-	-	227	-	-	-	-	-
Shares held by the Company	222,461						174,557	0.20%	523,671

The transactions completed under the liquidity agreement during 2019 broke down as follows:

	Acquisition		Sale	
	Number of shares	Average price per share (in €)	Number of shares	Average price per share (in €)
Share buyback programme				
General Meeting of 19 April 2018	80,713	88.64	109,864	85.57
General Meeting of 17 April 2019	335,688	95.88	332,209	94.90
TOTAL	416,401	94.48	442,073	92.58

As at 31 December 2019, Covivio held 174,557 treasury shares representing 0.20% of the capital, valued at €15,279,942.76, or €87.54 per share, representing a par value of €523,671.

The Company did not use derivatives in its share buyback programmes in 2019.

The transaction costs during 2019 amounted to €28,000 ex-tax.

As the authorisation that was granted by the General Meeting on 17 April 2019 was for a period of 18 months, a new share buyback programme will be submitted to the General Meeting on 22 April 2020.

5.3.9. Share subscription and share purchase options and allocation of free shares

5.3.9.1. Share subscription and share purchase options

Since 2008, the Company has not implemented a share subscription or share purchase options plan.

Since the last plan in force (plan No. 1403008 of 4 May 2007) expired on 11 October 2014, there is no longer any share subscription option exercisable within the Covivio Group.

During the fiscal year 2019, the Board of Directors, at the proposal of the Appointments and Compensation Committee and pursuant to the delegation of powers granted by the General Meetings of 27 April 2016 and 17 April 2019, awarded 113,138 free shares as detailed below, representing 0.13% of the capital as at 31 December 2019:

5.3.9.2. Allocation of free shares

The allocation of free shares within the Covivio Group is to motivate and foster loyalty with employees who contribute to the Company's growth by sharing the Company earnings with them.

Date of the free share plans	Number of free shares allocated	Beneficiaries of the free shares	Unit value, as estimated by an independent actuary				Vesting period				Retention period			
			France	Italy	Germany	Spain	France	Italy	Germany	Spain	France	Italy	Germany	Spain
20 February 2019	42,208	Corporate officers of the Company and employees of companies related to the Company	€48.09 ⁽¹⁾ €63.12 ⁽²⁾	€63.12 ⁽²⁾	€63.12 ⁽²⁾	N/A	3 years			N/A	/			N/A
21 November 2019	9,510	Employees of the Covivio Group (group plan)	€70.20 ⁽²⁾		N/A		3 years		N/A		/			N/A
	61,420	Employees of the Covivio Group (discretionary plan)		€70.20 ⁽²⁾			3 years							N/A

(1) Allocations subject to performance requirements.

(2) Allocations not subject to performance requirements.

The 2019 free share allocations to executive officers are presented in Section 4.3.2.2.1. of the Board's report on corporate governance.

The criteria for allocating free shares to staff members of the Covivio Group are linked to performance and potential for growth,

to build loyalty and allow them to share in the Company's stock market performance.

After the end of the fiscal year, on 13 February 2020, the Board of Directors is allocated 89,351 free shares.

During the fiscal year 2019, 133,351 free shares were granted to the beneficiaries indicated below:

Delivery date of the free shares	Date of the free share plan	Number of free shares allocated delivered in 2019			Number of beneficiaries
		French beneficiaries	Italia beneficiaries	German beneficiaries	
19 February 2019	19 February 2015	-	5,500	3,000	4
27 February 2019	27 April 2016	28,991	-	2,500	5
29 April 2019	27 April 2016	15,000	-	-	1
24 May 2019	23 November 2016	35	-	-	1
24 May 2019	22 November 2017	40	-	-	1
24 May 2019	21 November 2018	40	-	-	1
22 November 2019	22 November 2017	27,900	-	-	2
25 November 2019	23 November 2016	37,895	3,950	8,500	275

After the end of the fiscal year, on 17 February 2020, 37,923 free shares were delivered.

The free shares allocated over the last five years are presented in Section 4.3.2.2.1.2. of the Board's report on corporate governance.

5.3.9.3. Details of adjustments made to share subscription options and free shares

No adjustments were made in 2019.

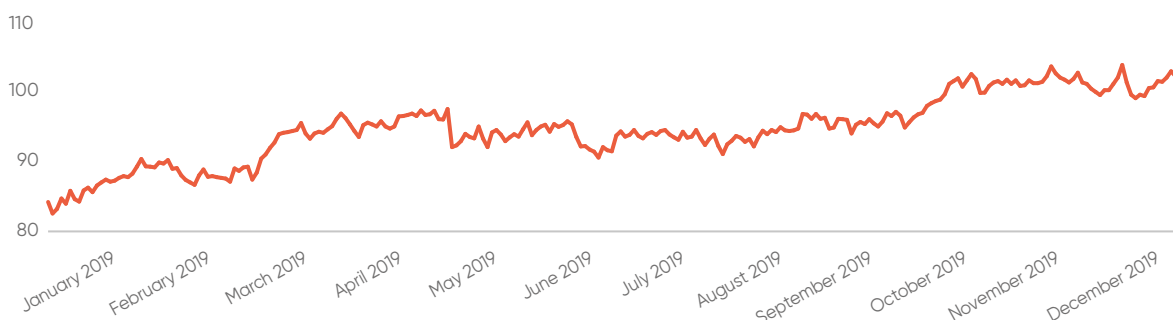
5.4. STOCK MARKET – DIVIDEND

5.4.1. Market price at 31 December 2018

The closing Covivio share price for the year was €101.20, bringing stock market capitalisation to €8.8 billion at the end of 2019. In 2019, the Covivio share increased by +20.2% and +26.2% with the dividend reinvested.

■ Change in Covivio's' share price over the year

in euros



5.4.2. Dividends distributed within the last five fiscal years

In the last five fiscal years, the dividends distributed and the corresponding tax rebate were as follows:

Fiscal year	Type of dividend	Dividend paid per share	Amount of dividend eligible for the 40% rebate ⁽²⁾	Amount of dividend not eligible for the 40% rebate
2014	Current	€4.30	/	€4.30
2015	Current	€4.30	€0.0329	€4.2671
2016	Current	€4.40	€0.5115	€3.8885
2017	Current	€4.50	/	€4.50
2018	Current	€4.60	€0.1479	€4.4521
2019 ⁽¹⁾	Current	€4.80	€0.7506	€4.0494

(1) Dividend proposed to the Combined General Meeting of 22 April 2020 and option for share-based payment offered to shareholders.

(2) In case of option for a progressive rate of the revenue tax.

The SIIC status adopted on 1 January 2003 involve the exemption of rental income, real estate capital gains and dividends from SIIC subsidiaries, provided that at least 95% of earnings from asset rentals, 70% of capital gains and 100% of dividends are distributed to shareholders.

The Company's distribution policy naturally takes regulatory requirements into account.

5.4.3. Dividend distribution policy

Covivio will propose the distribution of a dividend of €4.80 per share for the year 2019 to the General Meeting, representing an increase of 4,3% over one year and equal to a distribution rate of

90.4% (dividend/EPRA Earnings). Covivio's target is to distribute a dividend with perennial, regular growth, following that of its EPRA Earnings. Since 2015, Covivio's dividend has grown by 12%.

5.4.4. Appropriation of earnings for the fiscal year

The Board of Directors will propose to the General Meeting of the Shareholders of 22 April 2020, having noted that the profit of €293,940,534.52 for the year, increased by the retained earnings of €63,955,038.30 for a distributable profit of €357,895,572.82:

- resolves, upon a proposal from the Board of Directors, to appropriate the distributable profit as follows:
 - (i) €39,970.80 to the legal reserve, bringing the amount of the legal reserve to 10% of share capital at year-end, i.e. €26,165,971.80
 - (ii) €357,855,602.02 as a dividend payment to shareholders
- distribute of €61,197,977.18, taken from:
 - (i) the "Distributable revaluation reserve" account, i.e. €46,044.74
 - (ii) the "Merger premium" account, i.e. €61,151,932.44.

Thus, each share will receive a dividend of €4.80.

Subject to the approval of the fourth resolution by the General Meeting, the shareholders can choose the option of dividend payment in cash or in new shares of Company.

The dividend will be distributed on 22 May 2020.

Based on the total number of shares which made up the share capital at 17 February 2020, plus 45,000 new shares issued as part of the final allocation of free shares, carrying entitlement to dividends for the 2019 fiscal year, subject to Article 25.3 of the Articles of Association of the Company to the Shareholders Subject to Withholding, a total dividend of €419,053,579.20 will be paid. This dividend only gives entitlement to the 40% rebate in

the event of an annual, express, overall and irrevocable option for the progressive income tax scale pursuant to Article 200 A 2 of the French General Tax Code, and only for the portion of this dividend deducted from earnings subject to corporate income tax. In compliance with Article 158 3° b bis of the French General Tax Code, this rebate does not apply to earnings exempt from corporate income tax under the SIIC plan in application of Article 208 C of the French General Tax Code.

The tax-exempt dividend in application of Article 208 C of the French General Tax Code not eligible for the 40% rebate totals €353,523,439.00.

The dividend withheld on the profits subject to corporate tax totals €65,530,140.20.

The dividend drawn against the Company's profits exempt from corporate income tax pursuant to Article 208-3° quater of the French General Tax Code totals €0.

The Board will also propose to the General Meeting to resolve:

- that in the event of changes to the number of shares giving the right to dividends, resulting from the conversion of any convertible bonds into shares, the overall amount of the dividend will be adjusted correspondingly via a withdrawal from the "Merger premium" account
- that pursuant to the provisions of Article L. 225-210 of the French Commercial Code, the amount the shareholders may have waived, as well as the amount corresponding to treasury shares on the dividend payment date, which are not entitled to dividends, will be allocated to the "Merger premium" account.

5.5. ADMINISTRATION AND MANAGEMENT

5.5.1. Board of Directors

At the General Meeting of 31 January 2011, Covivio adopted the form of a *société anonyme* (public limited company) with a Board of Directors, separating the duties of Chairman and Chief Executive Officer. This structure establishes a clear distinction between the strategy, decision-making and control functions, which are the responsibility of the Board of Directors, and the operational and executive functions, which are the responsibility of General Management.

5.5.1.1. Appointments – Composition – Term of office – Dismissal (Articles 12 and 13 of the Articles of Association)

- The Company is administered by a Board of Directors comprising at least three members and no more than eighteen members, subject to statutory exemptions. The Board members are appointed by the Ordinary General Meeting.

A legal entity may be appointed as a Director, but it must, pursuant to applicable legal provisions, appoint a natural person to serve as its permanent representative to the Board of Directors. The permanent representatives are subject to the same conditions and obligations and have the same responsibilities as if they were Directors.

- The term of office of Directors is four years. However, as an exception, the General Meeting may, upon suggestion of the Board of Directors, appoint or reappoint some Directors for a term of office of two or three years to allow for a staggered renewal of the Board of Directors. The term of a Director expires at the end of the Ordinary General Meeting called to approve the financial statements for the previous year, held in the year in which the term of the said Director expires.

The number of members of the Board of Directors over the age of 75 may not be greater than one third of the members in office. When this number is exceeded, and if a member of the Board of Directors aged 75 or over does not resign voluntarily within three months from the date the statutory limit was exceeded, the oldest member will be automatically considered to have resigned.

Directors may be reappointed indefinitely, subject to the aforementioned provisions governing the age limit.

Directors may be dismissed at any time by the General Meeting, without indemnity or prior notice.

In the event of vacancy resulting from the death or resignation from one or several Directors, the Board of Directors may make provisional appointments subject to ratification by the next Ordinary General Meeting, in accordance with the time frames and conditions provided for by law. Decisions taken and actions carried out remain valid even if the appointment is not ratified.

In the event of vacancy resulting from the death, resignation or dismissal of a Director, the Director appointed by the General Meeting or the Board of Directors as a replacement to that Director will hold that position only up to the remaining office of his or her predecessor.

If the number of Directors falls to less than three, the remaining Directors (or the Statutory Auditors, or an officer designated, at the request of any interested party, by the President of the Commercial Court) must immediately call an Ordinary General Meeting to appoint one or more new Directors in order to complete the Board to the minimum legal number.

5.5.1.2. Executive Board (Article 14 of the Articles of Association)

The Board of Directors appoints a Chairman, who must be a natural person, from among its members and one or more Vice-Chairmen if needed. It defines the terms of office, which may not exceed the appointee's term as a Board member, and which the Board may terminate at any time. The Chairman and Vice-Chairmen may be reappointed.

The age limit for the Chairman of the Board of Directors is 80. When the Chairman of the Board reaches this age limit during his or her term of office, he or she will be automatically deemed to have resigned.

If the Chairman is temporarily incapacitated or dies, the oldest Vice-Chairman is delegated to serve as Chairman. In a case of temporary incapacity, this delegation is given for a limited period and may be renewed. If the Chairman dies, this delegation is valid until the appointment of a new Chairman.

Meetings of the Board of Directors are chaired by the Chairman. If the Chairman is absent, the meeting is chaired by one of the Vice-Chairmen present, appointed for each meeting by the Board of Directors. In the absence of the Chairman and Vice-Chairmen, the Board of Directors must designate, for each meeting, one of the Directors present to chair the meeting.

The Board of Directors also appoints a Secretary, who does not have to be a member. It defines the term and scope of the Secretary's duties, which it may terminate at any time.

5.5.1.3. Notice of meetings and deliberations of the Board of Directors (Article 15 of the Articles of Association)

The Board of Directors meets as often as required by the interests of the Company and whenever the Chairman deems appropriate, upon notice from the Chairman.

Directors representing at least one third (1/3) of the members of the Board of Directors may ask the Chairman to call a Board meeting at any time for a specific purpose.

If the roles of the Chief Executive Officer and the Chairman are separate, the Chief Executive Officer may ask the Chairman to call a Board of Directors meeting at any time for a specific purpose.

The Chairman is bound by the requests made to him or her in line with the afore-mentioned provisions, and must defer to them without delay.

Notices of meetings are conveyed by any written method at least five (5) days in advance. This five-day period may be reduced if one third of the Directors agree to a shorter notification period. Meetings are held at the Company's registered office or any other location indicated in the notice of meeting.

The Board of Directors validly deliberates only if at least half (1/2) of its members are present.

A Director may give a written proxy to another Director to represent him or her at a meeting of the Board of Directors in accordance with legal and regulatory provisions.

Decisions are adopted by a majority of the members present or represented. In the event of a tied vote, the meeting's Chairman does not have the casting vote.

In compliance with the applicable laws and regulations, the meetings of the Board of Directors may be held *via* videoconference or telecommunication or any other method allowed under the law and the regulations under the conditions defined by the Internal Regulations adopted by the Board of Directors.

The deliberations of the Board of Directors are recorded in meeting minutes prepared in accordance with the law.

5.5.1.4. Powers of the Board of Directors (Article 16 of the Articles of Association)

The Board of Directors determines the strategy for the Company's business and oversees its implementation. In compliance with the powers expressly reserved for General Meetings and within the limits of the corporate purpose, the Board of Directors handles all matters affecting the operation of the Company and governs its business through its deliberations.

In its relations with third parties, the Company is also bound by the acts of the Board of Directors that are not within the Company purpose, unless it proves that the third party was aware that the act exceeded such purpose or that the third party should have been aware of this in view of the circumstances.

The Board of Directors carries out the checks and verifications that it considers necessary.

Each Director will receive all the information necessary to perform his or her duties and may obtain from the Chairman or Chief Executive Officer all documents necessary to perform his or her mission.

The Board of Directors may confer special assignments for one or more specific purposes to one or more of its members, or to third parties who do not need to be shareholders.

The Board of Directors may also create one or more permanent or temporary specialised committees charged with studying matters which the Board or the Chairman submit for their opinion, and in particular an Audit Committee, an Appointments and Compensation Committee and a Strategic and Investment Committee. These committees, the members and duties of which are defined by the Board, will conduct their activities under the responsibility of the Board.

5.5.2. General Management

5.5.2.1. General Management of the Company (Article 19.1 of the Articles of Association)

The Company's General Management is led, at the choice of the Board of Directors, either by the Chairman of the Board of Directors, or by another physical person appointed by the Board of Directors with the title of Chief Executive Officer.

The choice between these two methods of General Management is made by the Board of Directors, which must inform the shareholders and third parties under the conditions provided by law.

The Board of Directors' decision on the choice of General Management method is made by a majority of the Directors present or represented.

5.5.1.5. Remuneration of Directors (Article 17 of the Articles of Association)

The members of the Board of Directors may receive remuneration in the form of attendance fees, the total amount of which is determined by the General Meeting and distributed freely by the Board of Directors.

The Board of Directors may allocate exceptional remuneration to Directors performing special assignments or mandates.

5.5.1.6. Powers of the Chairman of the Board of Directors (Article 18 of the Articles of Association)

The Chairman of the Board of Directors organises and directs the work of the Board and reports to the General Meeting.

He or she oversees the various corporate bodies of the Company to ensure they are working smoothly and, in particular, that the Directors are in a position to fulfil their required duties.

The Board of Directors determines the amount, methods of calculation and payment of the Chairman's compensation, if any.

The Chairman of the Board of Directors may also assume the General Management of the Company, in accordance with Article 19 of the Articles of Association.

5.5.1.7. Non-voting members (Article 20 of the Articles of Association)

The Board of Directors may appoint one or more non-voting members (natural persons or legal entities). It defines their term of office and any compensation if they are assigned a particular mission.

The non-voting members of the Board of Directors attend meetings of the Board as observers and may be consulted by the Board. They must be called to every meeting of the Board of Directors, which may task them with specific missions.

The Board of Directors may decide to pay the non-voting members of the Board of Directors a portion of the attendance fees allocated by the General Meeting and authorise the reimbursement of expenses incurred by the non-voting members of the Board of Directors in the interests of the Company.

The non-voting members of the Board of Directors are subject to obligations, in particular to the confidentiality obligations stipulated by the Board of Directors in its Internal Regulations.

5.5.2.2. Chief Executive Officer (Article 19.1 of the Articles of Association)

When the General Management of the Company is led by the Chairman of the Board of Directors, the provisions below on the Chief Executive Officer are then applicable to him or her in addition to the provisions specific to his or her role as Chairman of the Board of Directors.

When the Board of Directors chooses to separate the roles of Chairman and Chief Executive Officer, it will appoint the Chief Executive Officer, define his or her term of office and determine his or her compensation and any limits on his or her powers.

The Chief Executive Officer may be reappointed.

The age limit for holding the position of Chief Executive Officer, separate from the position of Chairman, is 67. Irrespective of the term for which it is granted, the Chief Executive Officer's office expires at the very latest at the end of the Ordinary General Meeting called upon to approve the financial statements for the previous year and held the year during which the Chief Executive Officer turns 67.

The Chief Executive Officer may be dismissed at any time by the Board of Directors. If the dismissal is decided upon without just cause, it may result in damages being paid, except when the Chief Executive Officer is also the Chairman of the Board of Directors.

The Chief Executive Officer is fully empowered to act in any situation on behalf of the Company. He or she exercises these powers within the limits of the corporate purpose and subject to the powers granted expressly by law and these Articles of Association to General Meetings and the Board of Directors.

The Chief Executive Officer represents the Company in its relationships with third parties. The Company is also bound by the acts of the Chief Executive Officer that are not within the limits of its corporate purpose, unless it proves that the third party was aware that the act exceeded such purpose or that the third party should have been aware of this in view of the circumstances. The publication of the Articles of Association is not on its own sufficient basis for such proof.

5.5.2.3. Deputy Executive Officer (Article 19.2 of the Articles of Association)

At the suggestion of the Chief Executive Officer, the Board of Directors may appoint, within its membership or not, one or

several natural persons to assist the Chief Executive Officer, bearing the title of Deputy Executive Officer.

The maximum number of Deputy Executive Officers is set at five.

In agreement with the Chief Executive Officer, the Board of Directors will determine the scope and duration of the powers granted to the Deputy Executive Officers.

With respect to third parties, the Deputy Executive Officers have the same powers as the Chief Executive Officer.

The age limit for holding the position of Deputy Executive Officer is 67.

Irrespective of the term for which they have been granted, the functions of Deputy Executive Officer expire at the very latest at the end of the Ordinary General Meeting called upon to approve the financial statements for the previous year and held in the year during which the Deputy Executive Officer turns 67.

The Board of Directors determines the compensation of the Deputy Executive Officers.

If the Chief Executive Officer relinquishes his or her duties or is prevented from carrying them out, the Deputy Executive Officers will retain their functions and powers unless otherwise decided by the Board of Directors, until such time as a new Chief Executive Officer is appointed.

Deputy Executive Officers may be dismissed at any time by the Board of Directors, at the suggestion of the Chief Executive Officer. If the dismissal is decided upon without just cause, it may result in damages being paid.

5.6. INFORMATION ABOUT THE COMPANY AND ITS INTERESTS

The main activities of the Company's principal subsidiaries and investments are presented in Section 1.5 of the Universal Registration Document.

5.6.1. Group organisation

Covivio is an investor in the office real estate sector in France and Italy, with investments in commercial and residential real estate companies:

- equity investments in commercial real estate through the company Covivio Hotels (SILC), owner of hotels and service sector properties in France, Germany, United Kingdom, the Netherlands, Belgium, Portugal, Spain, Ireland and Poland, and the company République (a non-listed company), owner of parking facilities
- an equity investment in residential real estate in Germany through Covivio Immobilien SE (an unlisted company) and in France through Foncière Développement Logements (a SILC unlisted since 29 December 2017).

The group consolidated by Covivio was thus constituted on 31 December 2019 of 416 separate legal entities, of which 117 were in the Office sector including 907 in France and 20 in Italy, 162 companies in Hotels in Europe, 125 in the Residential sector, 6 in parking facilities and 6 in service companies.

Covivio has teams in charge of managing its development and its assets throughout the territory. Each main group company relies upon a dedicated asset management team.

This services provider activity developed within the Covivio group concentrates on enhancing portfolio value through:

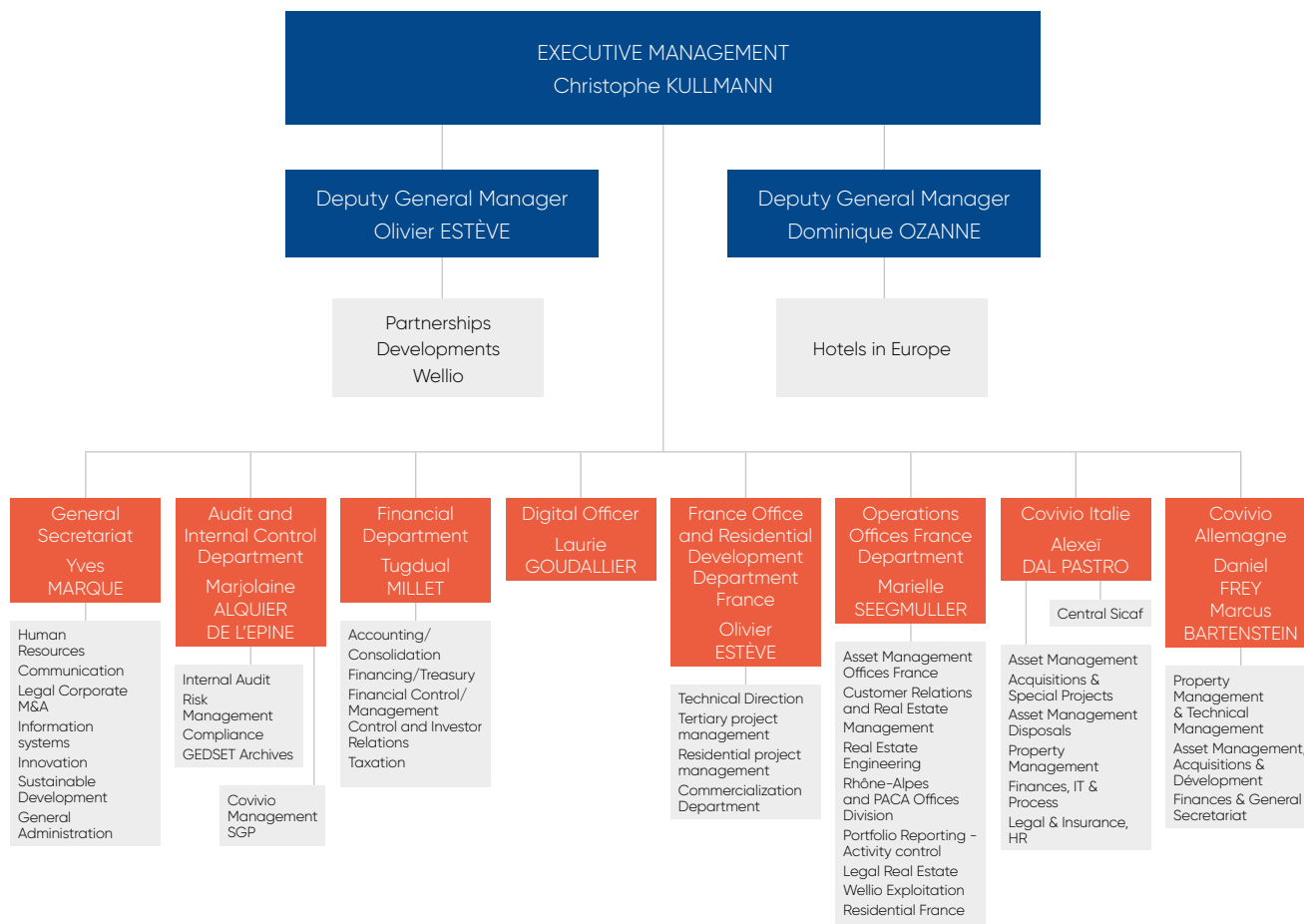
- **Asset Management** services: this function is focused on the real estate strategy to adopt regarding the assets held (disposal, renovations, financial management, etc.). Asset by asset, it consists of creating value to meet the expectations of the Group's companies by optimising the "profitability/risk" ratio
- **Asset Development** services: this function consists of assisting Group companies in activities to enhance the value of assets in the portfolio through real estate development. This function requires extensive expertise in real estate development
- **Property Management** services: management of all aspects of the life cycle of real estate assets (payments, ongoing and preventive maintenance, etc.). **Property Management** requires extensive expertise in leases, expense management, technical management, etc.

For development operations involving large projects, Covivio has a dedicated team in its subsidiary Covivio Développement.

Rental property management of Covivio and Covivio Hotels is provided by Covivio Property, a subsidiary of Covivio, a shared platform of central departments and personnel who work in the regional offices. Rental property management on the residual assets of Foncière Développement Logements (FDL), is outsourced to Quadral Property.

The service agreements are straightforward and non-exclusive contracts.

The specialisation by type of assets of the different companies of the Covivio Group prevents the exposure of the companies concerned to potential conflicts of interest, in terms of investments and/or divestments or asset management.



5.6.2. Equity investments

In compliance with Article L. 233-6 of the French Commercial Code, the equity investments that took place in the fiscal year are presented in Section 3.5.1.3. of the Universal Registration Document.

5.6.3. Results of subsidiaries and investments

The table of earnings of the subsidiaries and investments is shown in the separate financial statements in Section 3.5.6.6 of the Universal Registration Document.

5.6.4. Company earnings over the past five fiscal years

The table of earnings of the Company over the past five fiscal years is shown in the individual financial statement in Section 3.5.6.9 of the Universal Registration Document.

5.6.5. Information on cross-shareholding

Nil.

5.6.6. Extraordinary events and litigation

The Group may be involved in court or administrative proceedings and is liable to be subject to a notice of deficiency from the French Tax administration.

To the Company's knowledge, to date, except for the main proceedings in progress presented in Sections 3.2.2.10.4. and 3.2.5.12., there are no other extraordinary events or litigation likely to materially affect the portfolio, financial position, business or results of Covivio or its subsidiaries.

5.6.7. Ratings

The rating agency S&P upgraded of the financial rating of Covivio from BBB to BBB+, outlook Stable. This improvement came 9 months after the review of the rating outlook to Positive, recognizing the improvement of the operating and financial profile of the company.

This upgrade is due to the repositioning of the portfolio realized since 2015 through sustained asset rotation and the reinforcement in Paris, Berlin and Milan. This transformation led to an acceleration of the performance since the last two years, along with solid growth perspectives across all the markets of Covivio.

Besides, S&P acknowledges the strengthening of the financial profile following the decrease of the Loan to Value target to "below 40%" from "40% to 45%".

Covivio is the only real estate operator in Europe rated BBB+ offering a diversified profile both in term of activities (Offices, Residential and Hotels) and countries (mainly France, Germany and Italy).

5.7. SIGNIFICANT AGREEMENTS

The significant agreements to which the Company and/or certain of its subsidiaries are party are presented below.

5.7.1. Partnership agreements

The partnership agreements in vigour aim to organise governance and the relations of partners in joint ventures, and determine their respective commitments and the conditions for the disposal of their shareholdings.

Type	Parties	Date of signature	Object	Term
Agreement between the partners' of SCI Federimmo	Fédération and Predica, in the presence of Covivio	14 December 2004, and amended by rider on 30 October 2017	To develop the functioning and control of the company SCI Federimmo, owner of the building Carré Suffren in Paris.	5 years starting from 14 November 2004, then automatic renewal for 1-year periods (advance notice: 6 months)
Agreement between the partners of SCI Euromarseille 1	Covivio and Holding Euromarseille, in the presence of SCI Euromarseille 1 and Predica	27 and 31 July 2007, and amended by addendum of 24 July 2017	To develop the functioning and the control of the company SCI Euromarseille 1 and its subsidiaries as part of the real estate project located in the Joliette ZAC in Marseille.	10 years starting from 31 July 2007, then automatic renewal for 1-year periods (advance notice: 6 months)
Agreement between the partners of SCI Euromarseille 2	Covivio and Holding Euromarseille, in the presence of SCI Euromarseille 2 and Predica	27 and 31 July 2007, and amended by addendum of 24 July 2017	To develop the functioning and the control of the company SCI Euromarseille 2 and its subsidiaries as part of the real estate project located in the Joliette ZAC in Marseille.	10 years starting from 31 July 2007, then automatic renewal for 1-year periods (advance notice: 6 months)
Partners' agreement of the company SCI Cœur d'Orly Bureaux	SAS Cœur d'Orly Investissement and SCI Holding Bureaux Cœur d'Orly, in the presence of Aéroport de Paris, Covivio and SCI Cœur d'Orly Bureaux, it being specified that Covivio 2 came to the rights of SCI Holding Bureaux Cœur d'Orly following its early dissolution without liquidation on 30 November 2018.	25 April 2008, and amended by addenda of 11 December 2008 and 28 May 2018	To organise the relations of the partners within the company SCI Cœur d'Orly Bureaux as part of the completion and ownership of office buildings in the real estate project named "Cœur d'Orly".	25 years starting from 25 April 2008, then automatically renewed for a period of 25 years unless other decisions are made by the parties
Partners' agreement on the Iris project	Covivio Hotels and Predica	6 December 2010	To organise the relations between partners within the OPCI Iris Invest 2010 and its subsidiaries, owners of hotel buildings operated in France, Germany and Belgium under the Suite Novotel, Ibis budget, Ibis and Novotel brands.	10 years starting from 6 November 2010, then automatic renewal for 3-year periods (advance notice: 6 months)
Partners' agreement on the Visa Project	Covivio, CNP Assurances, in the presence of Office CB 21 and Covivio SGP, it being specified that Covivio 7 and Technical joined on 24 October 2012 and 24 October 2013 respectively	20 December 2010	Organize Covivio's and CNP Assurances' relations within the SPPICAV Office CB 21, which indirectly owns the CB 21 Tower located in La Défense.	10 years from 20 December 2010, then tacit renewal by periods of 3 years (notice: 6 months)

Type	Parties	Date of signature	Object	Term
Shareholders' agreement concerning the Pei project	Covivio Hotels, Predica, Pacifica, Imefa Cent Deux, Imefa Quatre, Imefa Cent Vingt Huit, further specified that the company Spirica, a member of the Crédit Agricole Assurances Group, has adhered thereto since 15 October 2018	24 May 2011	To organise the relations between partners within the OPPCI Camp Invest and its subsidiary Campeli, owner of hotel buildings acquired from Louvre Hotels Group and operated in France under the Campanile brand.	10 years starting from 24 May 2011, then automatic renewal for 3-year periods (advance notice: 6 months)
Partners' agreement relating the Dahlia project	Covivio Hotels, Predica and SCI Holding Dahlia	29 November 2011	To organise the relations among partners within the SCI Dahlia, owner of hotel buildings, leased to the Group AccorHotels and operated in France under the Ibis and Novotel brands.	10 years starting from 29 November 2011, then automatic renewal for 3-year periods (advance notice: 6 months)
Partners' agreement of SCI Latécoère	Covivio and SCI DS Campus, in the presence of Predica and SCI Latécoère	19 October 2012, amended by the addenda of 20 April 2015 and 24 July 2017	To organise the relations between the partners of the company SCI Latécoère, owner of a building cluster called "DS Campus", located at Vélizy-Villacoublay.	10 years starting from 19 November 2012, then automatic renewal for 2-year periods (advance notice: 6 months)
Shareholders' agreement relating to the company B2 Hotel Invest	Covivio Hotels, Loire, Foncière Manon, Predica, Pacifica, Crédit Agricole Assurances and its affiliates, and ACM Vie S.A. and its affiliates	6 November 2012	To organise the relations among partners within the OPPCI B2 Hotel Invest and its subsidiaries, owners of hotel buildings, operated in France under the B&B brands.	14 years starting from 6 November 2012, then automatic renewal for 3-year periods (advance notice: 6 months)
Partners' agreement relating the SCI Lénovilla	Covivio and SCI New Velizy, in the presence of Predica	1 February 2013, and amended by addendum of 24 July 2017	To organise the relations between the partners of the company SCI Lenovilla, the owner of a building cluster called "New Vélizy", located in Vélizy-Villacoublay.	10 years starting from ¹ 1 February 2013, then automatic renewal for 2-year periods (advance notice: 6 months)
Partners' agreement relating to the company InvestiRE SGR S.p.A.	Covivio 7 S.p.A., Banca Finnat, Regia S.r.l., Fondazione Cariplo, CIPAG, ICCREA, and Fondazione CARI Forlì	3 July 2014	To organise the relations between the partners of the company InvestiRE SGR S.p.A.	Expiry on 30 June 2020
Shareholders' agreement of the company Covivio Immobilien	Covivio Holding GmbH, IW-FDL Beteiligungs-GmbH & Co KG and Batisica Sàrl, Predica, Cardif Assurance Vie and Generali Vie, in the presence of Covivio Immobilien and Covivio	15 July 2014	To organise the relations of the partners of the company Covivio Immobilien, a real estate investor and operator that holds and manages a portfolio of residences in Germany.	6 years starting from 15 July 2014, then automatic renewal for 3-year periods (advance notice: 6 months)
Shareholders' agreement of the company Covivio Immobilien	Covivio Holding GmbH, Delfin, ACM Vie S.A., in the presence of Covivio Immobilien and Covivio, further specified that Covéa Coopérations, MMA Vie, MAAF Vie and GMF Vie adhered thereto on 8 June 2015	21 July 2014	To organise the relations of the partners within the company Covivio Immobilien, a real estate investor and operator that holds and manages a portfolio of residences in Germany.	6 years starting from 21 July 2014, then automatic renewal for 3-year periods (advance notice: 6 months)
Partners' agreement on the SCI 11 Place de l'Europe	Covivio and Predica, in the presence of SCI 11 Place de l'Europe	19 December 2013, and amended by rider of 24 July 2017	To organise the relations of the partners of in the company SCI 11 Place de l'Europe, owner of the building clusters called "Eiffage Construction" and "Eiffage Campus" located in Vélizy-Villacoublay.	10 years starting from 19 December 2013, then automatic renewal for 2-year periods (advance notice: 6 months)

Type	Parties	Date of signature	Object	Term
Partners' agreement relating to the SCI Latécoère 2	Covivio and SCI DS Campus, in the presence of Predica and SCI Latécoère 2	18 June 2015, amended by addenda of 24 April 2017 and 26 December 2017 12 December 2019	To organise the relations of the partners of the company SCI Latécoère 2, owner of the building cluster called "Extension DS Campus" located in Vélizy-Villacoublay and realisation of a new extension through the construction of a new building cluster, called "Building G".	From the waiver of the last condition precedent under the BEFA G until the 10 th anniversary of the delivery of building G, then automatic renewal for 2-year periods (advance notice: 6 months)
Partners' agreement of the company SAS Samoëns	Covivio Hotels and OPCI ACM Lagune in the presence of SAS Samoëns and ACM Vie S.A., further specified that the company Foncière Développement Tourisme adhered thereto on 29 September 2016.	13 May 2016	To organise the relations of the partners in the company SAS Samoëns, owner of a vacation village located in Samoëns and operated by Club Méditerranée.	15 years starting from 13 May 2016, then automatic renewal for 2-year periods (advance notice: 6 months)
Partners' agreement of the companies SCI Orianz and SCI Factor E	Covivio and ANF Immobilier, in the presence of SCI Orianz and SCI Factor E, it being specified that Icade came to the rights of ANF Immobilier following its merger by absorption on 29 June 2018.	1 September 2016	To organise the relations of the partners of the companies SCI Orianz and SCI Factor E, owners of three office buildings ("Immeubles B – C" and "Immeuble E") in construction in Bordeaux, further specified that at the end of construction, Covivio will be the sole owner of Immeuble E.	10 years starting from 1 September 2016, then automatic renewal for 1-year periods (advance notice: 6 months)
Partners' agreement of the company Central Sicaf S.p.A.	Covivio, Siticav S.A.S., Spirica, Credite Agricole Vita S.p.a., and Predica	16 November 2016	To organise the relations between the partners of the company Central Sicaf S.p.A.	Expiry 31 December 2065
Partners' agreement relating to the SCI du 15 rue des Cuirassiers	Covivio and ACM Vie SA, in the presence of SCI du 15 rue des Cuirassiers	7 December 2017	To organise the relations between the partners of the company SCI du 15 rue des Cuirassiers, owner of a new building called Silex 1 for offices and businesses located in Lyon Part-Dieu.	15 years starting from 7 December 2017, then automatic renewal for 2-year periods (advance notice: 6 months)
Partners' agreement of the company SCI du 9 rue des Cuirassiers	Covivio and ACM Vie SA, in the presence of SCI du 9 rue des Cuirassiers	7 December 2017	To organise the relations between the partners of the company SCI du 9 rue des Cuirassiers, owner of the Silex 2 building cluster in Lyon Part-Dieu, currently in renovation with delivery expected at the end of 2020.	15 years starting from 7 December 2017, then automatic renewal for 2-year periods (advance notice: 6 months)
Partners' agreement of the company SCI N2 Batignolles	Covivio and ACM Vie SA, in the presence of SCI N2 Batignolles	25 May 2018	To organise the relations between the partners of the company SCI N2 Batignolles, the owner of a building in construction located in the Clichy Batignolles ZAC in Paris 17 th district, with expected delivery in the 1 st quarter of 2021.	15 years starting from 25 May 2018, then automatic renewal for 2-year periods (advance notice: 6 months)
Partners' agreement of the company SNC N2 Promotion	Hines Prelude and Covivio Participations	19 March 2019	To define the rules applicable to the terms of realisation of the building of SCI N2 Batignolles, to organize SNC N2 Promotion and the terms of the partners cooperation within SNC N2 Promotion.	Until the earliest of the two following dates: (i) 31 December 2040, and (ii) 16 years from the date of realization (achèvement) of the building and, then automatic renewal for 1 year periods (termination notice period: 6 months)

Type	Parties	Date of signature	Object	Term
Partner's agreement of the company SCCV Chartres Avenue de Sully	Covivio and Nexity Logement, in the presence of SCCV Chartres Avenue de Sully	28 May 2019	To organise the relations between the partners of the company SCCV Chartres Avenue de Sully, to acquire a field in Chartres, to build a real estate complex made of housings, in view of its future sale.	Until the earliest of the two following dates: (i) expiry of a two (2) year period from the expiry of the decennial insurance related to the Project as this term is defined in the partner's agreement and (ii) 31 December 2049
Partner's agreement of the company SCCV Fontenay-sous-Bois Rabelais	Covivio and Eiffage Immobilier Île-de-France, in the presence of SCCV Fontenay-sous-Bois Rabelais	4 June 2019	To organise the relations between the partners of the company SCCV Fontenay-sous-Bois Rabelais, to purchase a field in Fontenay-sous-Bois, to build a real estate complex made of notably housings and commercial spots and/or business premises, in view of its future sale.	Until the earliest of the two following dates: (i) la date de liquidation de la société SCCV Fontenay-sous-Bois Rabelais et (ii) le 31 décembre 2033
Partner's agreement of the company Oteli France	Caisse des Dépôts and Consignations, SASU Fonae, Sogecap, Orientex Holdings, Covivio Hotels, Covivio SGP, Covivio Hotels Gestion Immobilière and Oteli France	1 July 2019	To organise the relations between the partners of the Company, the investors, the asset manager Covivio Hotels Gestion Immobilière and the company Oteli France (holding the property of the hotels located in France and all the capital and voting rights of the companies CBI Express and CBI Orient), the terms of the management and governance of the latter and its subsidiaries, and the terms of any transfer of shares within the company Oteli France.	10 years from 1 July 2019, then automatic renewal of one (1) year periods with a maximum of 5 renewals (termination notice period: 6 months)
Partner's agreement of the company Jouron SPRL	Caisse des Dépôts and Consignations, Simplon Belgique SAS, Sogecap, Covivio Hotels, Murdelux, Covivio Hotels Gestion Immobilière and Jouron SPRL	1 July 2019	To organise the relations between the partners of the Company, the investors, the General Manager Covivio Hotels Gestion Immobilière and the company Jouron SPRL (holding directly or indirectly the property of the hotels located in Brussels and Gand, and all the capital and voting rights of the companies Foncière Gand Cathédrale, Foncière Bruxelles Sainte-Catherine, and Foncière IGK), the terms of the management and governance of the latter and its subsidiaries, and the terms of any transfer of shares within the company Jouron SPRL.	10 years from 1 July 2019, then automatic renewal of one (1) year periods with a maximum of 5 renewals (termination notice period: 6 months)

Type	Parties	Date of signature	Object	Term
Partner's agreement of the company Kombon SAS	Caisse des Dépôts and Consignations, Sogecap, Covivio Hotels, Covivio Hotels Gestion Immobilière and Kombon SAS	1 July 2019	To organise the relations between the partners of the Company, the investors, the President, Covivio Hotels Gestion Immobilière and the company Kombon SAS (holding directly or indirectly the property of the hotels located in France), the terms of the management and governance of the latter and its subsidiaries, and the terms of any transfer of shares within the company Kombon SAS.	10 years from 1 July 2019, then automatic renewal of one (1) year periods with a maximum of 5 renewals (termination notice period: 6 months)
Partner's agreement of the company SCCV Bobigny le 9^e Art	Covivio and Aegide Promotion, in the presence of SCCV Bobigny le 9 ^e Art	26 July 2019	To organise the relations between the partners of the company SCCV Bobigny le 9 ^e Art, in view of purchasing a field in Bobigny, to build a real estate complex made of notably of residence of services for the elders, exploitation offices and parking spots for its future sale.	Until the earliest of the two following dates: (i) the date of liquidation of the company SCCV Fontenay-sous-Bois Rabelais and (ii) 31 December 2034
Partner's agreement of the company 6 rue Fructidor	Covivio and OPCI Predica Bureaux, in the presence of 6 rue Fructidor	29 October 2019	To organise the relations between the partners of the company 6 rue Fructidor in view of realizing a development operation of a building of offices located 6 rue Fructidor in Saint-Ouen.	15 years from 29 October 2019, then automatic renewal of two (2) year periods (termination notice period: 6 months)
Partner's agreement of the company Covivio Hotels	Covivio, ACM Vie S.A., Predica, Pacifica, Spirica, Generali Vie, Generali IARD, l'Équité Compagnie d'Assurances et de Réassurances contre les Risques de toute nature, Cardif Assurance Vie, Sogecap and Caisse des Dépôts et Consignations	21 November 2019	To organise the relations between the partners of the company Covivio Hotels without acting in concert towards the latter.	5 years from 21 November 2019, then automatic renewal of five (5) year periods (termination notice period: 6 months)

5.7.2. Other contracts

		ISIN Code	Issue date	Nominal amount	Maturity	Rate	Outstanding at end-2018
Covivio	Emissions bonds	XS1209112793	30 March 2015	€125 million	30 March 2022	2.125%	€125 million
		FR0013262698	21 June 2017	€500 million	21 June 2027	1.500%	€595 million
		XS1698714000	17 October 2017	€300 million	17 October 2024	1.625%	€300 million
		XS1772457633	20 February 2018	€300 million	20 February 2028	2.375%	€300 million
	Green bonds	FR0013170834	20 May 2016	€500 million	20 May 2026	1.875%	€500 million
		FR0013447232	17 September 2019	€500 million	17 September 2031	1.125%	€500 million
	Private investment	FR0011442979	28 March 2013	€180 million	30 April 2020	3.300%	€180 million
	Convertible bonds	XS1268574891	3 August 2015	€200 million	31 January 2021	0.875%	€200 million
Covivio Hotels	Bond issues	FR0013367422	24 September 2018	€350 million	24 September 2025	1.875%	€350 million
	Private investment	FR0012741072	29 May 2015	€200 million	29 May 2023	2.218%	€200 million

The principal financial agreements are detailed in the notes to the consolidated financial statements presented in Part 3 (Section 3.2.5.11) and Part 1 (Section 1.7.) of this Universal Registration Document.

5.8. PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

5.8.1. Person responsible for the Universal Registration Document

Christophe Kullmann
Chief Executive Officer

5.8.2. Certification of the person responsible for the Universal Registration Document including the annual financial report

I hereby certify, after having taken all reasonable measures to this effect, that the information contained in this Universal Registration Document is, to the best of my knowledge, in accordance with the facts and makes no omission likely to affect its import.

I certify, to the best of my knowledge, that the financial statements have been prepared in accordance with the applicable accounting standards and give a fair view of the assets, liabilities, financial position and profit or loss of the Company and all of its consolidated companies, and that the

information in the management report of the Board of Directors, including the concordance table at the end of the Universal Registration Document page 507, fairly reflects the development of the business, the profit or loss and the financial position of the Company and all of its consolidated companies, as well as a description of the main risks and uncertainties they face.

Done at Paris, on 20 March 2020

Mr. Christophe Kullmann
CEO of Covivio

5.8.3. Declaration by the person responsible for the information

Paul Arkwright
Director of Financial planning & control and Financial communication
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Telephone: +33 (0)1 58 97 51 85
e-mail: paul.arkwright@covivio.fr
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5.8.3.1. Provisional timetable for financial reporting

General Meeting: 22 April 2020

Publication of revenue of the first quarter of 2020: 22 April 2020

Publication of 2020 half-year results: 22 July 2020

Publication of revenue of the third quarter of 2020:
15 October 2020

5.8.3.2. Historic financial information

Pursuant to Article 19 of European Commission Regulation (EU) No. 2017/1129 of the European Parliament and of the Council of 17 June 2017, the following information is incorporated by reference in this Universal Registration Document:

- the consolidated financial statement and the annual statements for the period ended 31 December 2018 and the report by the statutory auditors concerning same appear on pages 225 to 346 of the 2018 Reference Document filed with the AMF on 12 March 2019 under No. D.19-0138
- the consolidated financial statement and the annual statements for the period ended 31 December 2017 and the report by the statutory auditors concerning same appear on pages 209 to 324 of the 2017 Reference Document filed with the AMF on 14 March 2018 under No. D.18-0130.

CONCORDANCE TABLES

CONCORDANCE TABLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

(pursuant to the sections of Appendix I of (EC) Regulation No. 2019/980 of 14 March 2019)

Type of information	Relevant parts	Pages
1. Responsible parties, third party information, appraiser statements and approval of the competent authority		
1.1. Parties responsible for information	5.8.1 ; 5.8.3	504 and 505
1.2. Statements made by the responsible parties	5.8.2	504
1.3. Appraiser declarations and / or reports	1.9	72
1.4. Third-party information	N/A	
2. Statutory auditors		
2.1. Names and addresses	4.8	475
2.2. Resignations/non-renewals	N/A	
2.3. Remuneration	3.2.7.6	295
3. Risk factors		
3.1. Risks relating to Covivio's activity and strategy	1.11.1.1 ; 1.11.1.2	82 and 83
3.2. Financial risks	1.11.6 ; 3.2.2	87 ; 240
3.3. Legal, fiscal and regulatory risks	1.11.3	84
3.4. Risks related to specific regulations	1.11.3	84
3.5. Environmental risks	1.11.3	84
3.6. Risks related to the costs and availability of appropriate insurance cover	1.11.2	83
4. Information about the issuer		
4.1. History and development of the company	5.1.1	478 and seq
4.1.1. Name and purpose of the company	5.2.1.1	481
4.1.2. Place of registration and registration number of the company	5.2.1.4	481
4.1.3. Date of incorporation and term of the company	5.2.1.9	481
4.1.4. Registered office and legal form of the company	5.2.1.2 and 5.2.1.3	481
4.1.5. Development of the company's activity	1.3 3.2.5	12 and seq 259 and seq
4.2. Investments	1.2 ; 1.4.6 ; 1.4.7	8 ; 22 and seq
4.2.1. Main investments made during the financial year	1.4.6	22 and seq
4.2.2. Main investments in progress	1.4.7	23 and seq



Concordance tables

CONCORDANCE TABLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

	Type of information	Relevant parts	Pages
5.	Overview of activities		
5.1.	Primary activities	1.4	17 and seq.
5.2.	Primary markets	1.5.1.1 ; 1.5.2.1 ; 1.5.3.1 ; 1.5.4.1	28 and seq.
5.3.	Key events underpinning the development of Group activity	1.2	8
5.4.	Strategy and objectives	1.2	8
5.5.	Possible dependence (Patents / Licences / Industrial and Commercial contracts)	N/A	
5.6.	Competitive position	N/A	
5.7.	Investments	1.2 ; 1.4.6 ; 1.4.7	8 ; 22 ; 23
6.	Organisation chart		
6.1.	Description of the group	5.1.2 and 5.6.1	480 ; 496 and 497
6.2.	List of major subsidiaries	3.2.3.6 3.5.6.6 5.6.3	256 340 and seq. 497
7.	Review of the financial position and income		
7.1.	Financial position	1.6 ; 3.1.1	53 and seq. ; 229
7.2.	Operating income	1.6.1.3 3.1.2	54 and seq. 231
8.	Cash and share capital		
8.1.	Issuer capital	3.1.4 and 3.5.3.3	233 ; 324
8.2.	Cash flow sources and amounts	3.1.5	235
8.3.	Borrowing conditions and financing structure	1.7 and 3.2.5.11	61 ; 272 and seq.
8.4.	Restriction on the use of funding	N/A	
8.5.	Financing sources needed to fulfil commitments relating to investment decisions	1.7 ; 3.2.5.11	61 ; 272 and seq.
9.	Regulatory framework	1.11	82
10.	Information on trends		
10.1.	Principal trends	1.3 ; 1.5.1.1 ; 1.5.2.1 ; 1.5.3.1 ; 1.5.4.1 ;	12 ; 28 ; 35 ; 40 ; 47
10.2.	Events that could influence trends	1.2 ; 3.2.4	8 and seq. 257 and seq.
11.	Earnings projections or estimates	N/A	
12.	Administrative, management and supervisory bodies and General Management		
12.1.	Information on members of the administrative, management and supervisory bodies	4.3.1 5.5	397 and seq. 494 and seq.
12.2.	Conflicts of interest of administrative, supervisory and general management bodies	4.3.1.2.6 4.3.1.2.7	420 and seq.
13.	Remuneration and benefits		
13.1.	Amounts of remuneration paid and benefits in kind		
13.2.	Total amount provisioned or recognised for pension payments, retirement schemes and other benefits.	4.3.1.3.2.4 4.3.2.2 4.3.2.3	423 and seq. 439 and seq. 456 and seq.
14.	Operation of the administrative and management bodies	3.2.5.12.2	280
14.1.	Date of expiration of current term of office	4.3.1.5.2	430 and seq.
14.2.	Information on service contracts linking members of the Group's administrative, management or supervisory bodies to the issuer or any of its subsidiaries	5.7	499 and seq.
14.3.	Information about the Audit and the Remuneration Committees of the issuer	4.3.1.4.1 4.3.1.4.2	425 and seq.
14.4.	Issuer's compliance with the applicable corporate governance system in force	4.3	396 and seq.
14.5.	Trends that could impact the corporate governance of the Group.	4.3.	396 and seq.

Type of information	Relevant parts	Pages
15. Employees		
15.1. Number of employees at period-end covered by the historical financial information	2.7.2	209 and seq.
15.2. Profit-sharing and stock options	5.3.7 and 5.3.9	490 and seq.
15.3. Agreement providing for employee participation in the capital of the issuer	2.5.1.3.2	167
16. Principal shareholders		
16.1. Shareholders owning more than 5% of the share capital or voting rights	5.3.3	487
16.2. Different shareholder voting rights	N/A	
16.3. Control of the issuer	5.3.3	487
16.4. Agreement known to the issuer whose implementation could, at a later date, result in a change of control	N/A	
17. Transactions with related parties	3.2.7.4	294
18. Financial information concerning the asset portfolio, financial situation and results of the issuer		
18.1. Historic financial information	3.1	229 and seq.
18.2. Interim and other financial information	N/A	
18.3. Audit of annual historical information	3.1	229 and seq.
18.4. Pro forma financial information	N/A	
18.5. Dividend distribution policy	5.4.2	493
18.6. Arbitration and judicial proceedings	3.2.2.10.4	242
18.7. Significant change in the financial or commercial position	N/A	
19. Additional information		
19.1. Share capital	5.2 ; 5.3	481 and seq.
19.2. Corporate charter and Articles of Association	5.2	481 and seq.
20. Significant agreements	5.7	499 and seq.
21. Documents accessible to the public	5.2.1.12	482

TABLE OF CONCORDANCE WITH THE ANNUAL FINANCIAL REPORT

(Used to identify the information comprising the annual financial report as provided under articles L. 451-1-2 Of the french monetary and financial code and 222-3 of the amf's general regulations).

Type of information	Relevant parts	Pages
1 - Annual financial statements	3.4 ; 3.5	308 and seq.
2 - Consolidated financial statements	3.1 ; 3.2	229 and seq.
3 - Management report	Concordance table with the management report	510
4 - Statement of individuals assuming responsibility for the document	5.8.2	504
5 - Statutory Auditors' report on the annual financial statements (including observations on corporate governance) and the consolidated financial statements	3.3 3.6	303 and seq. 350 and seq.
6 - Report from the Board of Directors on corporate governance	4.3	396 and seq.



CONCORDANCE TABLE WITH THE MANAGEMENT REPORT

The table of concordance below cross-references information in this Registration Document with information in the Company's and the Group's management report, as required by legal and regulatory provisions.

Type of information	Relevant parts	Pages
Overview of the position of the Company and Group over the past year (Articles L. 232-1 II and L. 233-26 of the French Commercial Code); analysis of changes in the business, earnings, financial position of the Company and Group and key financial and non-financial performance indicators (L. 225-100-1 I 1° and 2° and L. 233-6 of the French Commercial Code)	1.3 to 1.9	12 to 75
Foreseeable outlook for the Company and Group (Articles L. 232-1 II and L. 233-26 of the French Commercial Code)	1.3	12 and seq.
Significant events between the balance sheet date and the drafting of the management report (Articles L. 232-1 II and L. 233-26 of the French Commercial Code)	3.2.9 and 3.5.6.8	302 and 346
R&D activities (Article L. 232-1 II and L. 233-26 of the French Commercial Code)	3.5.6.7	346
Existing subsidiaries (L. 232-1 II of the French Commercial Code)	5.2.1.5	481
Non-Financial performance declaration (L. 225-102-1 and R. 225-105 of the French Commercial Code)	2	94 and seq.
Description of the main risks and uncertainties (L. 225-100-1 I 3 of the French Commercial Code)	1.11	82 and seq.
Financial risks related to the effects of climate change and measures taken to reduce them (L. 225-100-1 I-4 of the French Commercial Code)	1.11.3	89
Internal control and risk management procedures (L. 225-100-1 I-5 of the French Commercial Code)	1.11.4	89 and seq.
Cover objectives and policy and exposure to price risks, credit risks, liquidity risks and cash flow risks (L. 225-100-1 I-6 of the French Commercial Code)	1.7.4 and 1.11.1.6	62 and 87
Information relating to the Company's shareholding structure, statement of employee shareholding at the year-end (Article L. 225-102 of the French Commercial Code); possible adjustments for securities providing access to the share capital (Article L. 228-99 and R. 228-90 of the French Commercial Code)	5.3	485 and seq.
Information on the number of shares purchased and sold during the year under a share buyback programme, and characteristics of these transactions (Article L. 225-211 of the French Commercial Code)	5.3.8	490 and seq.
Company earnings over the past five fiscal years (Article R. 225-102 of the French Commercial Code)	3.5.6.9 and 5.6.4	347 and 497
Amount of dividends paid in respect of the past three financial years (French General Tax Code, Art. 243 bis)	5.4.2	493
Information on terms of payment (L. 441-6-1 of the French Commercial Code)	3.5.6.10	348 and seq.
Amount of sumptuary expenses (French General Tax Code, Art. 223 quater)	3.5.4.6	335
Non-deductible overhead expenses to be added back to taxable income (French General Tax Code, Art. 223 quinquies)	3.5.4.6	335
Significant equity investments or takeovers of companies based in France and activity of the Company's subsidiaries (Article L. 233-6 of the French Commercial Code)	3.2.5 and 3.5.6.6	258 and seq. and 340 and seq.
Report from the Board of Directors on corporate governance (Article L. 225-37 of the French Commercial Code)	4.3	396 and seq.
Policy on compensation paid to executive officers (L. 225-37-2 of the French Commercial Code)	4.3.2.1	434 and seq.
Total remuneration and benefits in kind received by each corporate officer over the past year (L. 225-37-3 of the French Commercial Code)	4.2.1.4 and 4.3.2.2	391 and seq. and 439 and seq.
Allocation and holding of free shares by executive corporate officers (L. 225-197-1 II of the French Commercial Code)	4.3.2.2.2 and 4.3.2.1.2.1.1.2	453 and seq.
List of offices and functions held in all organisations by each of the Company Officers during the financial year (L. 225-37-4 of the French Commercial Code)	4.3.1.1.1. and 4.3.1.5.2	400 to 412 and 430 to 432
Agreements between a corporate officer or a major shareholder and a subsidiary according to the Article L. 233-3 (Article L. 225-37-4-2 of the French Commercial Code)	4.3.6 and 5.7.1	464 and 499 and seq.
Summary of capital increase authorisations still in effect (Article L. 225-37-4-3 of the French Commercial Code)	4.3.8	465 and 466
Methods of exercising the of the General Management and limitations to the powers of the Chief Executive Officer and the Deputy Managing Directors. (L. 225-37-4 4° and 7° of the French Commercial Code)	4.3.1.2.1. and 4.3.1.5.4.	413 and 433
Membership and conditions for preparing and organizing the work of the Board of Directors (L. 225-37-4 5° of the French Commercial Code)	4.3.1	397 and seq.
The diversity policy applied to the members of the Board of Directors and balanced representation of women and men within the executive bodies (L. 225-37-4 6° of the French Commercial Code)	4.3.1.2.4.1. and 4.3.1.5.6.	414 and 433
Application of the Corporate Governance Code of publicly traded companies (L. 225-37-4 8° of the French Commercial Code)	4.3	396
Specific conditions governing shareholders' attendance at general meeting. (L. 225-37-4 9° of the French Commercial Code)	4.3.4	462
Description of the assessment and selection procedure of current agreements and its application (L. 225-37-4 10° of the French Commercial Code)	4.3.7	464
Elements that could be relevant in the event of a takeover bid (Article L. 225-37-5 of the French Commercial Code)	4.3.5	463 and 464
Summary of the operations realized by the social mandates and related parties in relation to company securities (L. 621-18-2 of the Monetary and Financial Code and L. 223-26 of the General Regulations of the FMA)	4.3.3	461 and 462

GLOSSARY

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

Firm residual term of leases

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

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

Green Assets

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

Unpaid rent (%)

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

Loan To Value (LTV)

The LTV calculation is detailed in Part 4 "Financial Resources"

Rental income

- **Recorded rent** corresponds to gross rental income accounted for over the year by taking into account deferment of any relief granted to tenants, in accordance with IFRS standards.
- The **like-for-like rental income posted** allows comparisons to be made between rental income from one year to the next, before taking changes to the portfolio (e.g. acquisitions, disposals, building works and development deliveries) into account. This indicator is based on assets in operation, i.e. properties leased or available for rent and actively marketed.
- **Annualized "topped-up" rental income** corresponds to the gross amount of guaranteed rent for the full year based on existing assets at the period end, excluding any relief.

Portfolio

The portfolio presented includes investment properties, properties under development, as well as operating properties and properties in inventory for each of the entities, stated at their fair value. For the hotel operating properties it includes the valuation of the portfolio consolidated under the 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:

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

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

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

Like-for-like change in rent

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

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

Given specificities and common practices in German residential, the 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, i.e.:
 - 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.

Design and production : **côté**corp.

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