first-half financial report

EDITION 2022

COVIVIO

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2022 first-half financial report

1.1 Business analysis

1.1.1 Revenues: €306 million in H1 2022

	100%			Group Share				
(In € million)	H1 2021	H1 2022	Change (in %)	H1 2021	H1 2022	Change (in %)	Change (in %) LfL[1]	% of revenue
France Offices	**110.8**	**100.5**	**-9.3%**	**96.6**	**86.1**	**-10.9%**	**+2.2%**	**28%**
Paris	41.2	37.2	-9.6%	39.0	34.9	-10.6%	+5.0%	11%
Greater Paris (excl. Paris)	54.9	47.8	-12.9%	43.7	37.7	-13.7%	+5.1%	12%
Major regional cities	10.4	12.6	+21.2%	9.6	10.6	+9.9%	+1.2%	3%
Other French Regions	4.3	2.9	-32.7%	4.3	2.9	-32.7%	-22.4%	1%
Italy Offices	**77.0**	**71.6**	**-7.0%**	**57.9**	**55.4**	**-4.3%**	**+3.6%**	**18%**
Offices – excl. Telecom Italia	38.0	38.5	+1.3%	38.0	38.5	+1.3%	+4.7%	13%
Offices – Telecom Italia	39.0	33.1	-15.1%	19.9	16.9	-15.1%	+1.2%	6%
German Offices	**23.6**	**25.5**	**+8.0%**	**21.0**	**22.7**	**+8.2%**	**+6.4%**	**7%**
Berlin	3.6	3.8	+6.3%	2.5	2.7	+7.2%	+3.9%	1%
Other cities	20.1	21.7	+8.2%	18.5	20.1	+8.3%	+6.8%	7%
Total Offices	**211.4**	**197.7**	**-6.5%**	**175.6**	**164.2**	**-6.5%**	**+3.2%**	**54%**
German Residential	**131.5**	**134.8**	**+2.5%**	**84.5**	**87.2**	**+3.2%**	**+3.0%**	**28%**
Berlin	65.0	68.7	+5.7%	42.2	45.1	+6.9%	+2.9%	15%
Dresden & Leipzig	11.5	11.4	-1.1%	7.4	7.4	+0.4%	+3.1%	2%
Hamburg	8.6	8.6	+0.4%	5.6	5.6	+0.6%	+2.4%	2%
North Rhine-Westphalia	46.3	46.0	-0.8%	29.2	29.0	-0.8%	+3.4%	9%
Hotels in Europe	**71.8**	**129.0**	**+79.7%**	**28.2**	**53.4**	**+89.6%**	**+100.1%**	**17%**
Hotels – Lease Properties	**75.6**	**109.7**	**+45.1%**	**29.7**	**45.4**	**+52.6%**	**+54.9%**	**15%**
France	24.9	36.8	+47.6%	7.8	13.4	+72.0%	+55.8%	4%
Germany	14.8	15.3	+3.4%	6.3	6.6	+5.0%	+3.5%	2%
UK	0.0	16.4	n.a.	0.0	7.2	n.a.	n.a.	2%
Spain	15.6	16.2	+3.8%	6.8	7.1	+4.7%	+3.8%	2%
Belgium	4.5	6.5	+45.8%	1.9	2.8	+47.1%	+51.6%	1%
Others	15.9	18.6	+17.4%	6.9	8.2	+18.5%	+17.6%	3%
Hotels – Operating Properties (EBITDA)	**-3.8**	**19.2**	**n.a.**	**-1.5**	**8.1**	**n.a.**	**n.a.**	**3%**
Total strategic activities	**414.7**	**461.4**	**+11.3%**	**288.3**	**304.8**	**+5.7%**	**+13.0%**	**100%**
Non-strategic	4.7	2.2	-53.9%	3.0	1.0	-68.2%	+3.3%	0%
Retail Italy	1.7	0.0	-100.0%	1.7	0.0	-100.0%	n.a.	0%
Retail France	3.0	2.2	-27.7%	1.3	1.0	-27.0%	+3.3%	0%
TOTAL REVENUES	**419.4**	**463.6**	**+10.5%**	**291.3**	**305.8**	**+5.0%**	**+13.0%**	**100%**

(1) LfL: Like-for-Like.

Group Share revenues stand at €306 million *vs* €291 million in H1 2021 under the following effects:

- **the revenues of strategic activities increase by +13.0% (+€33.2 million) on like-for-like basis due to:**
  - Office portfolio: +3.2% on like-for-like driven by indexation and leasing activity
  - Hotels activity: like-for-like revenues increased by +100% (+€26.0 million) due to the start of recovery in H2 2021 on the operating properties EBITDA and on variable rents
  - German Residential: a sustained growth of +3.0% like-for-like
- **deliveries of new assets** (+€7.0 million), mainly in France in 2021 (+€4.9 million) in major regional cities and in the 1st ring, and in Milan with two buildings (+€1.9 million)
- **acquisitions** (+€2.5 million) in German residential
- **asset disposals:** (-€14.0 million), especially:
  - in France Offices (-€5.1 million), in 2021 and 2022 of mature assets in Western Crescent and French regions
  - in Italy (-€5.0 million) non-core and mature assets
  - in German Residential (-€1.2 million) mainly involving a portfolio of mature assets in NRW in H2 2021 and some privatisations in Berlin
  - in Hotels (-€0.4 million)
  - non-strategic assets (-€2.4 million) mainly retail in Italy and France
- **vacating for redevelopment assets** (-€14.3 million), mainly in Paris and Milan CBDs.

1.1.2 Lease expiries and occupancy rates

1.1.2.1 Annualized lease expires: 7.2 years average lease term

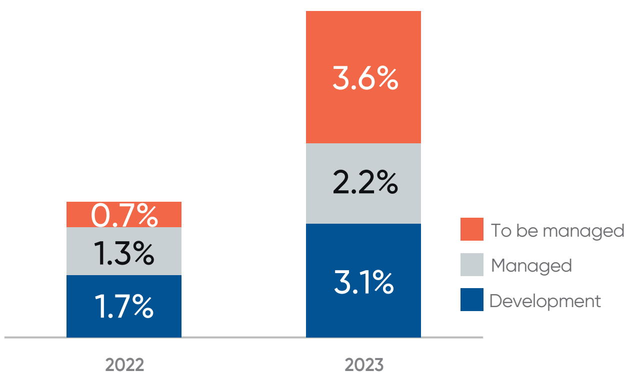
1.1.2.1.1 Average lease duration by activity

(Years)	By lease end date (1st break)		By lease end date	
Group Share	2021	H1 2022	2021	H1 2022
France Offices	4.6	4.8	5.5	6.0
Italy Offices	7.1	7.2	7.5	7.7
Germany Offices	4.4	4.3	5.2	5.0
Total Offices	**5.4**	**5.5**	**6.1**	**6.5**
Hotels in Europe	13.3	12.9	14.6	14.2
Total strategic activities	**7.0**	**7.2**	**7.8**	**8.2**
Non-strategic	8.9	8.5	9.4	8.9
TOTAL	**7.0**	**7.2**	**7.8**	**8.2**

The average firm residual duration of leases increased sligthly to 7.2 years at end-June 2022, due to leases renegotiations in France and new lettings in Italy.

1.1.2.1.2 Lease expiries schedule

(In € million, Group Share)	By lease end date (1st break)	% of total	By lease end date	% of total
2022	25	4%	25	4%
2023	60	9%	36	5%
2024	35	5%	20	3%
2025	51	8%	31	5%
2026	10	2%	12	2%
2027	31	5%	24	4%
2028	26	4%	44	6%
2029	22	3%	36	5%
2030	49	7%	56	8%
2031	20	3%	30	4%
Beyond	132	20%	147	22%
Total Offices and Hotels leases	**462**	**69%**	**462**	**69%**
German Residential	179	27%	179	27%
Hotel Operating properties	32	5%	32	5%
TOTAL	**673**	**100%**	**673**	**100%**



Out of the €25 million of lease expiries scheduled for 2022, accounting for 3.7% of Covivio annualized revenues:

- 1.3%: related to tenants with no intent to vacate the property or vacant area already relet (0.9%), and to asset to be sold in Italy (0.4%)
- 1.7% related to assets to be redeveloped after the tenant departure, including three mature assets in Paris CBD occupied by Orange
- 0.7% to be managed of which:
  - 0.5% related to core assets, mostly located in Paris
  - 0.2% related to Manage-to-core Assets, located in major European cities.

In 2023, the €60 million of lease expiries counting for 8.9% of Covivio annualized revenues are mainly split as follow:

- 5.3% is already managed due to assets that will be vacated for redevelopment (3.1%), mostly located in Greater Paris or to break option that will not be exercised (2.2%)
- 3.6% to be managed in France (79%), Italy (4%) and Germany (17%), of which:
  - 3.0% related to Core assets well located in Paris, Bordeaux, Milan, and Berlin CBDs, and with good accessibility in public transports
  - 0.4% related to Manage-to-core Assets, in the Western Crescent, La Défense and other major German cities
  - 0.2% related to Non-core assets in France.

1.1.2.2 Occupancy rate: 96.5%

(In %)	Occupancy rate	
Group Share	2021	H1 2022
France Offices	93.2%	94.2%
Italy Offices	96.6%	98.1%
German Offices	78.8%	84.9%
Total Offices	**92.2%**	**94.3%**
German Residential	99.1%	99.0%
Hotels in Europe	100.0%	100.0%
Total strategic activities	**95.0%**	**96.5%**
Non-strategic	100.0%	100.0%
TOTAL	**95.0%**	**96.5%**

The occupancy rate is increasing to 96.5% for strategic activities. The Office occupancy rate increased by +2.1 pts *versus* last year, to 94.3%. The manage-to-core portfolio (16% of office portfolio) occupancy rate increased by +5 pts over the semester.

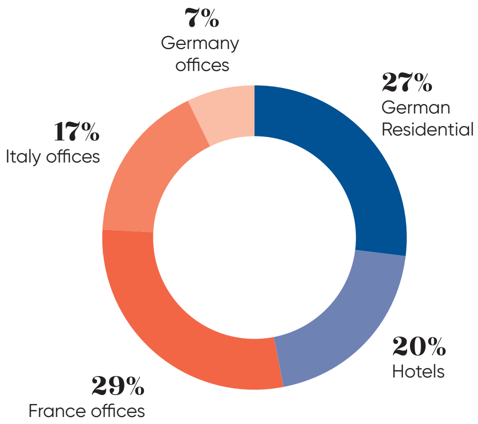
1.1.3 Breakdown of annualized revenues

By major tenants

	Annualized revenues[1]	
(In € million, Group Share)	H1 2022	%
Orange	33	5%
Accor	32	5%
Telecom Italia	30	4%
Suez	21	3%
NH	20	3%
IHG	19	3%
B&B	17	3%
Tecnimont	14	2%
Dassault	13	2%
Thalès	12	2%
Natixis	8	1%
EDF/Enedis	7	1%
Fastweb	6	1%
Intesa San Paolo	6	1%
NTT Data Italia	5	1%
Cisco	5	1%
Crédit Agricole	4	1%
Hotels lease properties	21	3%
Other tenants < €5M	221	33%
German Residential	179	27%
TOTAL	**673**	**100%**

(1) The hotels annualized revenues are based on the 2022 fixed revenues and 2019 variable revenues.

By activity



Covivio can rely on a strong tenant base, with around 90% of large corporates in offices, a resilient revenue base in German residential and partnerships with major hotel operators.

1.1.4 Cost to revenue ratio by business

	France Offices[(1)]	Italy Offices (incl. retail)	Germany Offices	German Residential	Hotels in Europe (incl. retail)[(1)]	Other (Mainly France Residential)	Total	
(In € million, Group Share)	H1 2022	H1 2022	H1 2022	H1 2022	H1 2022	H1 2022	H1 2021	H1 2022
Rental Income	86.1	55.4	20.4	89.5	46.3	0.0	292.8	297.7
Unrecovered property operating costs	-9.2	-6.7	-3.7	-1.1	-0.7	-0.1	-19.4	-21.5
Expenses on properties	-0.7	-2.3	-0.5	-6.3	-0.2	-0.2	-10.6	-10.1
Net losses on unrecoverable receivable	-0.7	-0.1	0.6	-0.4	4.5	0.0	-0.6	4.0
Net rental income	**75.4**	**46.4**	**16.7**	**81.8**	**50.0**	**-0.2**	**262.2**	**270.1**
Cost to revenue ratio	**9.4%**	**16.2%**	**18.0%**	**8.6%**	**-8.0%[(2)]**	**n.a.**	**10.4%**	**9.3%**

(1) Ratio restated of IFRIC 21 impact, spread over the year.
(2) Reversal of provision of the only unpaid rent in 2021.

The cost to revenue ratio (9.3%) decreased by -1.1 pt compared to H1 2021, mainly due to the reversal of doubtful and the Rental income increase.

1.1.5 Reserves for unpaid rent

Collection rate: 100% for hotels excluding deferred payment (very marginal, on German assets).

Provisions: At June-2022, a €4.0 million reversal of provision (Group Share) has been accounted for in hotels and German Offices activities.

1.1.6 Disposals: €260 millions[1] of new agreements in 2022

(In € million)		Disposals (agreements as of end of 2021 closed) (1)	Agreements as of end of 2021 to close	New disposals H1 2022 (2)	New agreements[1] H1 2022 (3)	Total H1 2022 = (2) + (3)	Margin vs 2021 value	Yield 0	Total Realised Disposals = (1) + (2)
Offices in Europe[1]	100%	576	60	144	173	316	3.3%	6.2%	720
	Group Share	327	60	77	126	203	1.9%	6.1%	404
Germany Residential	100%	11	11	27	10	37	22.3%	3.5%	38
	Group Share	7	7	18	6	24	22.0%	3.3%	25
Hotels in Europe	100%	134	31	7	34	40	14.4%	5.5%	141
	Group Share	29	14	1	13	13	12.9%	5.0%	29
TOTAL CORE	**100%**	**721**	**102**	**177**	**216**	**394**	**5.9%**	**5.9%**	**899**
	GROUP SHARE	**363**	**80**	**95**	**145**	**240**	**4.2%**	**5.7%**	**458**
Non core & Non strategic	100%	11	31	7	15	22	-26.0%	16.7%	19
	Group Share	9	31	6	14	20	-28.7%	17.7%	14
TOTAL	**100%**	**733**	**133**	**185**	**231**	**416**	**3.5%**	**6.5%**	**917**
	GROUP SHARE	**372**	**111**	**101**	**160**	**260**	**0.6%**	**6.6%**	**473**

(1) Including binding agreement received in July for Telecom Italia assets for €47 million Group Share (€91 million in 100%).

New disposals and agreements were signed for €260 million Group Share (€416 million at 100%, including ownership below 33%) in line with last appraisal values and +4.2% excluding non-strategic assets. Covivio maintained its strategy of qualitative asset rotation. In details, the disposal agreements include:

- **core assets**[1]: €203 million Group Share (€316 million in 100%), mainly made up of:
  - Offices in Milan for €85 million Group Share in line with appraisals
  - assets let to Telecom Italia disposals[1] for €118 million Group Share with a +4.0% margin on average
  - some privatizations and bloc sales in German residential: €24 million Group Share, generating a +22.0% margin on average compared to last year market value
  - Hotels: €13 million Group Share (€40 million at 100%) with +12.9% margin
- **non-core and non-strategic strategic assets:** €20 million Group Share (€22 million at 100%), mainly non-core properties in Italy and in France and retail stores (Jardiland and Courtepaille).

Since early 2020, Covivio sold for €1.6 billion of mature and *non core* offices to reinvest part in Capex of prime developments mostly in city centers.

1.1.7 Investments: €172 million realized in 2022 Group Share

€172 million Group Share (€263 million at 100%) of investments were realized in H1 2022, mainly in Capex to improve the quality of our portfolio and create value:

- Capex in the **development pipeline** totalled €93 million Group Share (€143 million at 100%)
- €56 million Group Share (€83 million at 100%) **works on the operating portfolio** were realized of which €28 million (€44 million at 100%) Capex in German Residential
- €23 million Group Share (€38 million at 100%) of acquisitions secured in 2021, mainly in Berlin residential at €2,630/m², with a rental reversionary potential of 15%.

In addition, Covivio bought back €38 million Group Share of shares over the first semester 2022 on an average price of around €60.8 per share, representing 44% discount to NAV NTA.

(1) Including binding agreement received in July for Telecom Italia assets for €47 million Group Share (€91 million in 100%).

1.1.8 Development projects

1. **Deliveries**
2. **Committed Office Pipeline**
3. **Committed Residential Build-to-let Pipeline – Germany**
4. **Build-to-sell pipeline – Germany and France**
5. **Managed Pipeline**

1.1.8.1 Deliveries: 8,700 m² offices delivered in the first half of 2022

Two projects were delivered in H1 2022 totaling 8,700 m² of office spaces in Lyon and Milan with an average occupancy rate of 76%. These were:

- Wellio Duomo in Milan (€47 million total cost & 4,500 m²), 100% let
- Lyon Sévigné in Lyon (€17 million total cost & 4,200 m²), 14% let.

The gross yield on costs achieved upon delivery of these projects is about 4.7% at full occupancy.

1.1.8.2 Committed Office Pipeline: €2.5 billion Group Share pre-let at 61%

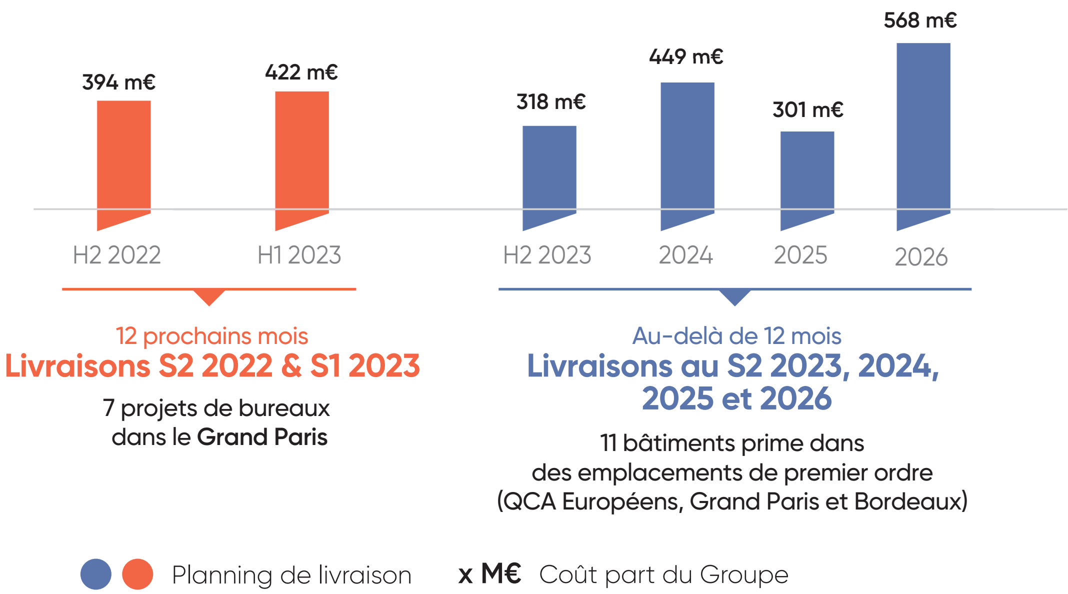
Pipeline at H1 2022

Covivio has a pipeline of office buildings in France, Germany, and Italy, the bulk of it in city centers of Paris, Milan and Berlin.

Committed projects	Surface[1] (in m²)	Total Budget[2] (in €M, 100%)	Total Budget[2] (in €M, Group Share)	Pre-let (in %)	Target yield[3] (in %)
France Offices	184,450	1,616	1,346	69%	5.0%
Italy Offices	98,500	423	423	82%	6.4%
Germany Offices	123,300	970	683	23%	4.4%
TOTAL OFFICES	**406,250**	**3,008**	**2,452**	**61%**	**5.3%**

(1) Surface at 100%.
(2) Including land and financial costs.
(3) Gross yield on total rents including car parks, restaurants. etc.

- Four projects were committed in H1 2022: Meudon Thalès 2 (100% pre-let), Düsseldorf Herzogterrassen (52% let), Fontenay Le Floria (0% pre-let) and Milan Rozzano Strada (28% let).
- The current pipeline is composed of 18 projects accounting for 406,250 m², a total cost of €2.5 billion Group Share (€3 billion at 100%) with currently an average occupancy rate of 61% and a 5.3% target yield on cost.



Capex still to be spent on the committed development pipeline at mid-2022: €125 million in H2 2022 and between €200 million and €250 million per year up to 2026.

Committed projects	Location	Project	Surface[(1)] (m²)	Delivery	Target rent (€/m²/year)	Pre-leased (in %)	Total Budget[(2)] (in €M, 100%)	Total Budget[(2)] (in €M, Group Share)	Target Yield[(3)]
Jean Goujon	Paris	Regeneration	8,600 m²	2022	930	58%	196	196	4.0%
Streambuilding (50% share)	Paris	Construction	15,600 m²	2022	575	94%	168	84	4.2%
So Pop (50% share)	Paris	Regeneration	31,300 m²	2022	400	33%	230	114	5.5%
To be delivered in 2022			**55,500 m²**			**56%**	**594**	**394**	**4.5%**
Maslo	Levallois	Regeneration	19,800 m²	2023	500	10%	208	208	4.5%
DS Campus Ext. (50% share)	Vélizy	Construction	27,500 m²	2023	n.a.	100%	141	71	7.2%
Madrid – St-Lazare	Paris	Regeneration	5,850 m²	2023	800	100%	101	101	n.a.
Le Floria	Fontenay	Regeneration	9,300 m²	2023	240	0%	43	43	5.5%
Jardins de l'Ars	Bordeaux	Construction	19,200 m²	2025	220	51%	72	72	5.6%
Anjou	Paris	Regeneration	9,300 m²	2025	890	100%	228	228	3.5%
Thalès 2	Meudon	Construction	38,000 m²	2026	n.a.	100%	229	229	7.0%
To be delivered in 2023 and beyond			**128,950 m²**			**73%**	**1,022**	**952**	**5.2%**
TOTAL FRANCE OFFICES			**184,450 M²**			**69%**	**1,616**	**1,346**	**5.0%**
Corso Italia	Milan	Regeneration	11,600 m²	2024	638	100%	117	117	6.3%
The Sign D	Milan	Construction	13,200 m²	2024	300	92%	64	64	6.5%
Vitae	Milan	Construction	10,000 m²	2024	315	18%	42	42	6.5%
Symbiosis G+H	Milan	Construction	38,000 m²	2024	319	100%	159	159	6.5%
Rozzano Strada	Milan	Regeneration	25,700 m²	2024	140	28%	41	41	8.4%
TOTAL ITALY OFFICES			**98,500 M²**			**82%**	**423**	**423**	**6.4%**
Herzogterrassen (94% share)	Düsseldorf	Regeneration	55,700 m²	2023	246	52%	338	318	4.1%
Loft (65% share)	Berlin	Regeneration	7,600 m²	2024	280	0%	40	26	5.5%
Alexanderplatz (55% share)	Berlin	Construction	60,000 m²	2026	516	0%	592	339	4.5%
To be delivered in 2023 and beyond			**123,300 m²**			**23%**	**970**	**683**	**4.4%**
TOTAL GERMANY OFFICES			**123,300 M²**			**23%**	**970**	**683**	**4.4%**
TOTAL COMMITTED PIPELINE			**406,250 M²**			**61%**	**3,008**	**2,452**	**5.3%**

(1) Surface at 100%.
(2) Including land and financial costs.
(3) Yield on total rents.

1.1.8.3 Committed Residential Build-to-let Pipeline – Germany

- One project was delivered in Berlin in H1 2022 for a total budget of €21 million (€32 million at 100%) generating an average yield on cost of 4.7% and a +37% value creation.
- Two residential projects build-to-let were committed, both located in Berlin, totaling 33 residential units and for a cost of €21 million Group Share.
- At end of H1 2022, the pipeline is composed of 14 projects, mainly located in Berlin, totaling 339 residential units and a total cost of €76 million Group Share with a value creation target of c.20%. €35 million of Capex Group Share remain to be spent.

Committed projects	Units	Total Budget[(1)] (in €M, 100%)	Total Budget[(1)] (in €M, Group Share)	Target Yield
To be delivered in H2 2022 (Berlin – Müllerstraße NB)	**57**	**18**	**12**	**5.0%**
To be delivered in 2023 and beyond (13 projects)	**282**	**98**	**64**	**4.7%**
TOTAL GERMANY RESIDENTIAL (BUILD TO LET)	**339**	**116**	**76**	**4.8%**

(1) Including land and financial costs.

1.1.8.4 Build-to-sell pipeline

1.1.8.4.1 Germany

- One project was delivered and sold in H1 2022 for a total budget of €24 million (€36 million at 100%), generating a 42% promotion margin.
- One residential project build-to-sell was committed in Berlin totaling 19 residential units and for a total cost of €13 million Group Share.
- At end of H1 2022, the pipeline is composed of five projects all located in Berlin, totaling 447 residential units and a total cost of €99 million Group Share with a target promotion margin of 35%.

Committed projects	Units	Total Budget(1) (in €M, 100%)	Total Budget(1) (in €M, Group Share)
Berlin – PrenzlauerPromenade	165	45	29
To be sold in H2 2022	**165**	**45**	**29**
Berlin – Großbeerenstraße	73	12	8
Berlin – Markelstraße	92	21	14
Berlin – Iceland Sales	98	54	36
Berlin – Iceland Tower	19	20	13
To be sold in 2023 and beyond	**282**	**107**	**70**
TOTAL GERMANY RESIDENTIAL	**447**	**152**	**99**

(1) Including land and financial costs.

1.1.8.4.2 France

- The current pipeline is composed of 8 projects located mainly in the Greater Paris and Bordeaux, representing 90,350 m², a total cost of €255 million Group Share, with a target margin above 10%. Close to 50% of the projects were already pre-sold, of which 100% for 2022 deliveries.

Committed projects	Units	Total Budget(1) (in €M, 100%)	Total Budget(1) (in €M, Group Share)	Pre-sold rate (In %)
Le Raincy	97	20	20	100%
Saint-Germain-lès-Corbeil	83	13	13	100%
To be sold in 2022	**180**	**33**	**33**	**100%**
Chartres Sully	110	15	15	85%
Bordeaux Lac	729	126	118	10%
Saint-Germain-en-Laye	24	13	13	92%
Fontenay-sous-Bois (Phase 1)	251	64	32	78%
Bobigny CT	158	34	23	92%
Antony CDG	68	21	21	0%
To be sold in 2023 and beyond	**1,340**	**272**	**221**	**37%**
TOTAL FRENCH RESIDENTIAL	**1,520**	**306**	**255**	**46%**

(1) Including land and financial costs.

1.1.8.5 Managed Pipeline

1.1.8.5.1 Landbanks

In the long-term, Covivio also owns more than 390,000 m² of landbanks that could welcome new development projects:

- in Greater Paris (70,000 m²) and Major French Cities (110,000 m²) mainly for turnkey developments
- in Milan with Symbiosis (20,000 m²) and Porta Romana (70,000 m²)
- in Germany with the potential for a second tower of 70,000 m² in Alexanderplatz in Berlin
- and more than 50,000 m² in Berlin, Leipzig and Dresden.

1.1.8.5.2 French residential managed projects

- Since 2017 Covivio has been constantly looking for opportunities to transform its secondary location offices into residential. To date 70,000 m², corresponding to 1,024 flats, are to be committed as from H2 2022.
- In addition, approximately 200,000 m² are under study. This pipeline amounts to 2,800 flats, 80% of which being in Greater Paris while the remainder is located in major regional cities.

1.1.8.5.3 Germany residential managed projects

Covivio continues to strengthen its medium-term pipeline thanks to existing landbanks for 170,000 m² mostly in Berlin.

1.1.9 Portfolio

Portfolio value: +2.6% like-for-like growth

(In € million, excluding duties)	Value 2021 Group Share	Value H1 2022 100%	Value H1 2022 Group Share	LfL(1) 6 months change	Yield(2) 2021	Yield(2) H1 2022	% of portfolio
France Offices	5,880	6,742	5,681	+1.0%	4.6%	4.5%	31.9%
Italy Offices	2,653	3,151	2,612	+0.7%	5.3%	5.1%	14.7%
German Offices	1,445	1,702	1,464	-0.2%	3.4%	3.8%	8.2%
Total Offices – Europe	**9,979**	**11,595**	**9,757**	**+0.7%**	**4.7%**	**4.6%**	**54.8%**

(In € million, excluding duties)	Value 2021 Group Share	Value H1 2022 100%	Value H1 2022 Group Share	LfL[1] 6 months change	Yield[2] 2021	Yield[2] H1 2022	% of portfolio
Residential Germany	5,079	8,305	5,382	+5.9%	3.5%	3.3%	30.2%
Hotels in Europe	2,578	6,666	2,641	+2.8%	5.3%	5.2%	14.8%
Total strategic activities	**17,636**	**26,566**	**17,780**	**+2.6%**	**4.4%**	**4.3%**	**99.8%**
Non-strategic	68	60	28	-0.5%	7.1%	6.1%	0.2%
TOTAL	**17,703**	**26,626**	**17,808**	**+2.6%**	**4.4%**	**4.3%**	**100.0%**

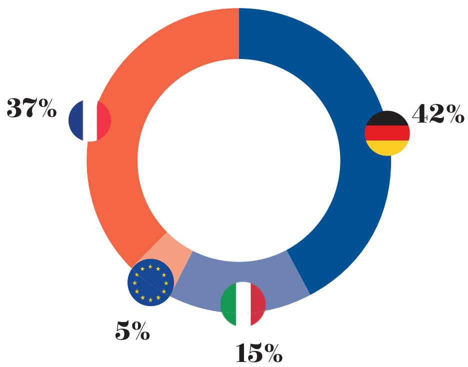
(1) LfL: Like-for-Like.
(2) Yield excluding development projects. Yield on hotels based on 2019 revenues for variable and EBITDA, and 2022 fixed revenues.

The portfolio grew by +€105 million to reach €17.8 billion Group Share (€26.6 billion in 100%) mostly due to the increase in value by +2.6% like-for-like:

- +5.9% like-for-like growth on German residential. All German cities where Covivio's residential portfolio is located showed like-for-like growth: in Hamburg (+7.9%), in North Rhine-Westphalia (+7.1%), in Berlin (+5.2%) and in Dresden & Leipzig (+5.1%).
- +2.8% like-for-like growth on Hotels. A strong rebound initiated in February 2022, until reaching performance levels equal to 2019 in May 2022.

Geographical breakdown of the portfolio in H1 2022

94% in major European cities



1.1.10 List of main assets

The value of the ten main assets represents 15% of the portfolio Group Share stable *vs* end 2021.

Top 10 Assets	Location	Tenants	Surface (in m²)	Covivio share
CB 21 Tower	La Défense (Greater Paris)	Suez. Verizon. BRS	68,100	75%
Garibaldi Towers	Milan	Maire Tecnimont. LinkedIn. etc.	44,700	100%
Dassault Campus	Vélizy (Greater Paris)	Dassault Systems	97,000	50%
Jean Goujon	Paris 8th	Roland Berger. etc.	8,600	100%
Herzogterassen	Düsseldorf	NRW Bank. Deutsche Bank. Mitsui	55,700	94%
Frankfurt Airport Center	Frankfurt	Lufthansa. Fraport. Operational Services	48,100	94%
Maslö	Levallois (Greater Paris)	In development	20,826	100%
Zeughaus	Hamburg	Universitätsklinikum Hamburg-Eppendorf	43,500	94%
Art&Co	Paris 12th	Wellio. Adova. Bentley. AFD	13,500	100%
Flow	Montrouge (Greater Paris)	EDF. Enedis	23,430	100%

1.2 Business analysis by segment

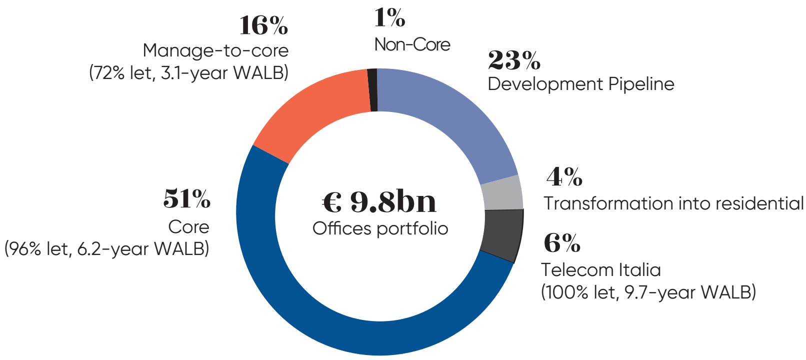
1.2.1 Offices: 55% of Covivio's portfolio

After take-up began to rally in 2021, the letting office market in Europe has pursued its path to recovery and intensified its polarization between central and peripherical locations, with a focus for Grade A buildings.

In this environment, where users are looking for greater centralization and modernization of their working spaces, Covivio keeps on improving its portfolio quality, focusing on attractive locations (city-centers and well-connected business districts) and developing high-quality assets with a full range of services that ensure optimal well-being for its tenants. For several years now, the group has implemented an overall strategy based on **centrality**, **high quality** of assets and **client-centricity**.

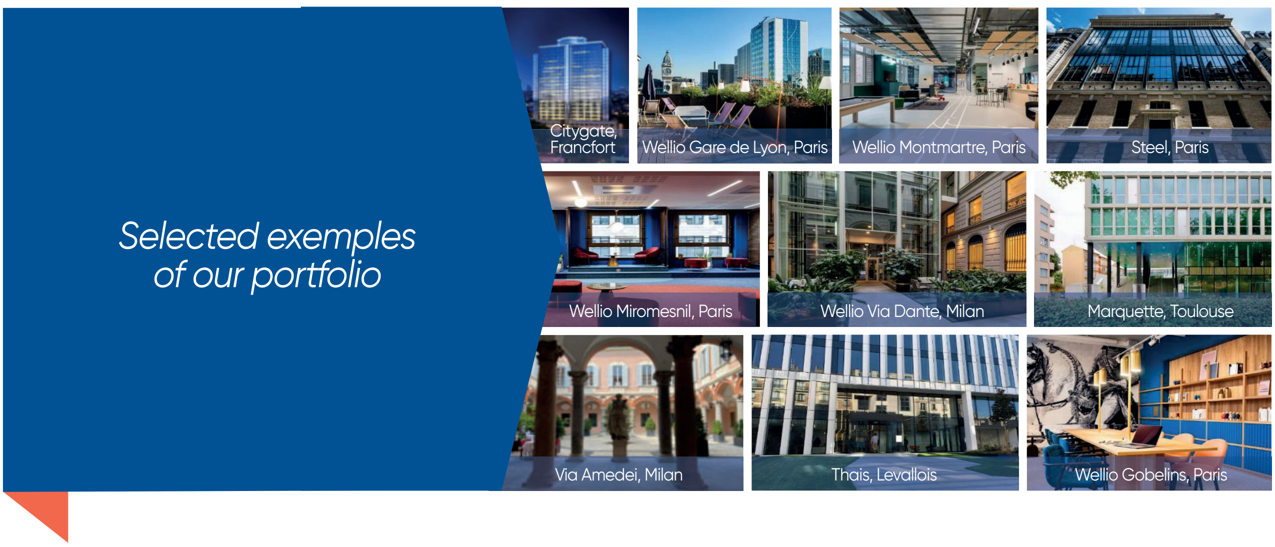
Covivio owns offices in France (32% of Covivio's portfolio), Italy (15%), and Germany (8%) with a portfolio of €11.6 billion (€9.8 billion Group Share) at end-June 2022. Covivio's portfolio has been strategically refocused and is now split as follows:

- **Core assets (51%** of Covivio's office portfolio): including assets with strong value resiliency and liquidity, in good locations (60% in city-centers and 40% in well-connected top-business districts), with high occupancy (96%) and long WALB (6.7 years).
- **Manage-to-Core assets (16%)**: including assets with good fundamentals but high vacancy (28%) or short-term lease expiries, but which can provide significant upside potential. They are mostly in established areas (84% in major Business Districts) with attractive locations (83% < 5 min to public transports).
- **Development Pipeline (23%)**: this bucket includes current and future office developments with high value creation potential.
- **Transformation into residential (4%)**: gathers obsolete office assets in France with opportunities to be converted into residential on a build to sell strategy.
- **Telecom Italia portfolio (6%)**: includes Italian assets, fully let to Telecom Italia on a long-term basis (10-year WALB).



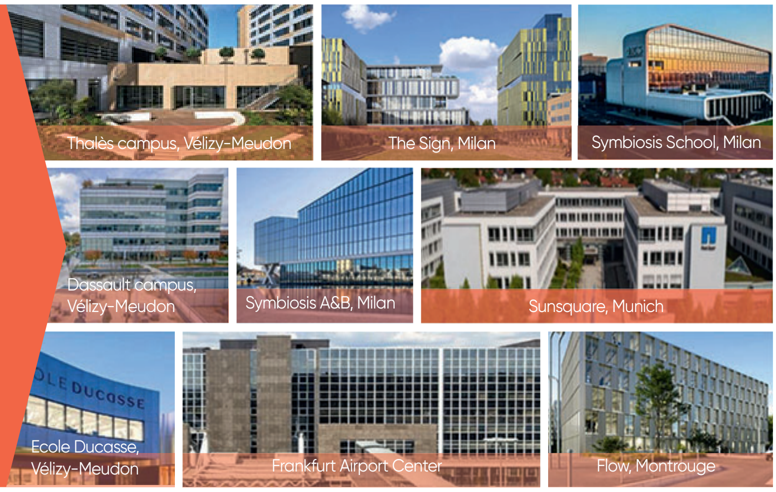
1.2.1.1 Core assets (51%; €4.9 billion Group Share)

Core assets in City–centers in Paris, Milan, Top German cities and French regional cities



Core assets in Top business districts: Attractive locations

Selected exemples of our portfolio



1.2.1.2 Manage-to-core assets (16%; €1.5 billion Group Share)

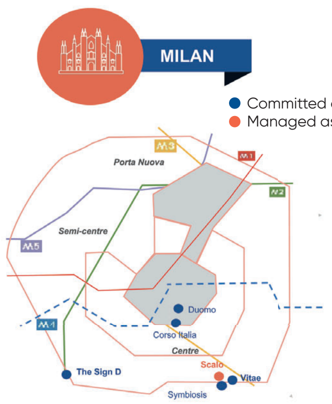
8
assets

Asset management

Ca. € 50m
refurbishment CAPEX

24%
of letting challenges secured

1.2.1.3 Development pipeline (23%; €2.3 billion Group Share)



Other French committed assets:

Velizy campus, Lyon Sévigné, Bordeaux Jardin de l'Art

1.2.2 France Offices: 32% of Covivio's portfolio

Covivio owns an office portfolio in France of €6,7 billion (€5.7 billion Group Share) located:

- 52% in Paris & Neuilly/Levallois
- 35% in top business districts of Greater Paris
- 13% in the centre of major regional cities.

1.2.2.1 Take-up coming back to historical levels and market polarization

After a strong rebound in 2021 (+32% to 1.9 million m^2), take-up for offices in Paris region kept on growing in the first semester of 2022. For the whole year 2022, brokers are now expecting an increase in take-up, towards 2.3 million m^2, *i.e.* just above the 10-year average (2.1 million m^2).

- **Take-up** in Paris region reached 1.0 million m^2 (+24% YoY):
  - in **Paris**, take-up increased by +53% over H1 to 480,900 m^2.
- Vacancy rate stabilized over H1 2022, at 7.4% end-2021, but with high disparities detailed below. The new/refurbished spaces counted for 27% of this vacancy. The immediate supply is slightly up, to 4.1 million m^2 (*vs* 4.0 million m^2 at end-2021).
  - In **Paris,** the vacancy rate decreased to 2.9% (*vs* 3.3% in 2021) of which 2.5% in Paris CBD.
  - **In the first ring,** vacancy rate increased to 9.7% *vs* 8.4%.
- **Future available supply** at end-June was globally flat, at 1.4 million m^2.
- Average **headline rents in greater Paris for new or restructured space** rose by +2% year-on-year to €431/m^2 and for second-hand space by +4% to €423/m^2:
  - prime rents in Paris kept on increasing at an all-time high of €960 m^2/year at end-June 2022 (+3% *vs* end-2021 at €930)
  - incentives in the Paris region increased by +20 bps YoY, from 23.9% in Q2 21 to 24.1% in Q2 22, above the 5-year average of 21%, with strong disparities, from 16% in the center of Paris (excl. CBD) to 31.7% in La Défense. Over the last quarter, incentives slightly decreased (it was 24.9% for Greater Paris, of which 32.3% in La Défense).
- **Office investments** in Greater Paris totalled €4.9 billion over H1 2022, up +2% YoY. This asset class largely remains the most popular among investors, accounting for 67% of total investments in Greater Paris. Depending on brokers, Prime yields stand at 2.7% at end-June.

Sources: ImmoStat, CBRE.

At end June 2022, the France Offices activity was marked by:

- **+1.0% like-for-like value growth** over H1, mainly thanks to value creation on our development projects, effect of indexation, offsetting decreases on temporary challenging assets
- **+2.2% LFL rental growth**
- **82,000 m^2 let or pre-let** during the first half and close to **90,000 m^2 renewed at or above passing rents**.

1.2.2.2 Accounted rental income: +2.2% like-for-like

(In € million)	Rental income H1 2021 100%	Rental income H1 2021 Group Share	Rental income H1 2022 100%	Rental income H1 2022 Group Share	Change (in %) Group Share	Change (in %) LfL[1] Group Share
Paris Centre West	16.3	16.3	9.9	9.9	-39.2%	+0.8%
Paris South	14.7	12.6	15.8	13.5	+7.0%	+4.2%
Paris North-East	10.1	10.1	11.5	11.5	+13.6%	+9.7%
Total Paris	**41.2**	**39.0**	**37.2**	**34.9**	**-10.6%**	**+5.0%**
Western Crescent and La Défense	26.6	23.4	18.3	15.7	-33.0%	-2.7%
First ring	27.0	18.9	28.2	20.7	+9.8%	+5.3%
Second ring	1.4	1.4	1.3	1.3	-6.0%	+2.5%
Total Paris Region	**96.1**	**82.7**	**85.0**	**72.6**	**-12.2%**	**+2.9%**
Major regional cities	10.4	9.6	12.6	10.6	+9.9%	+1.2%
Other French Regions	4.3	4.3	2.9	2.9	-32.7%	-22.4%
TOTAL	**110.8**	**96.6**	**100.5**	**86.1**	**-10.9%**	**+2.2%**

(1) LfL: Like-for-Like.

Compared to last year, rental income decreased by -€10.5 million, mainly as a result of:

- **disposals** (-€5.1 million), in 2021 and 2022 of mature assets in Western Crescent and French regions
- **increase of rental performance** (+€1.7 million) with +2.2% on a like-for-like basis mostly driven by lettings in Paris South (Art&Co) and first Ring (Chatillon IRO)
- **deliveries** (+€4.9 million) in 2021 and 2022 in major regional cities and in the 1st ring
- **releases of assets, essentially for redevelopment** (-€13.1 million) especially in Paris Centre West (Anjou, Monceau), Western Crescent (Vinci/Rueil) and first Ring
- **other** (+€1.1 million), of which Bordeaux Quai 8.2 represents €1.6 million due to integration in consolidation.

1.2.2.3 Annualized rents: €192.9 million Group Share

(In € million)	Surface (in m²)	Number of assets	Annualised rents 2021 100%	Annualised rents 2021 Group Share	Annualised rents H1 2022 100%	Annualised rents H1 2022 Group Share	Change (in %)	% of rental income
Paris Centre West	83,906	11	20.8	20.8	20.9	20.9	+0.4%	11%
Paris South	43,253	7	35.8	29.7	21.8	21.4	-27.9%	11%
Paris North-East	141,050	7	21.4	21.4	22	22	+2.7%	11%
Total Paris	**268,209**	**25**	**78.0**	**71.9**	**64.7**	**64.3**	**-10.6%**	**33%**
Western Crescent and La Défense	181,410	11	57.0	50.2	48.7	41.7	-17.0%	22%
First ring	449,869	22	90.0	60.5	76.8	52.7	-13.0%	27%
Second ring	31,998	10	2.6	2.6	2.6	2.6	+0.4%	1%
Total Paris Region	**931,486**	**68**	**227.7**	**185.3**	**192.7**	**161.3**	**-12.9%**	**84%**
Major regional cities	374,434	36	39.1	28.0	35.7	28.8	+2.9%	15%
Other French Regions	63,690	18	2.9	2.9	2.8	2.8	-4.0%	1%
TOTAL	**1,369,610**	**122**	**269.7**	**216.2**	**231.3**	**192.9**	**-10.8%**	**100%**

The -11% decrease is mainly explained by the following variations:

- in the Western Crescent including La Défense (-17%), the decrease is explained by the release of Vinci in Rueil early 2022
- the decrease in Paris South (-28%) and First Ring is mainly due to the disposal of Carré Suffren and Eiffage Vélizy.

1.2.2.4 Indexation

The indexation effect is +€0.8 million (Group Share). For current leases:

- 90% of rental income is indexed to the ILAT (Service sector rental index; +5.1% YoY at Q1 2022)
- 9% to the ICC (French construction cost index; +6.9% YoY at Q1 2022)
- the balance is indexed to the ILC or the IRL (rental reference index; +3.3% YoY at Q1 2022 and +3.6% YoY at Q2 2022).

Most of the dynamics of the indexes will impact rents in H2 2022 and especially in 2023.

1.2.2.5 Rental activity: 170,860 m² renewed or let during H1 2022

	Surface (in m²)	Annualized top up rents (in €M, 100%)	Annualized rents 2022 (in €/m²,100%)
Vacating	54,562	14.2	260
Letting	23,418	6.8	290
Pre-letting	58,529	30.1	514
Renewals	88,948	19.2	216

Covivio proved the quality and attractiveness of its portfolio:

- **almost 90,000 m² were renegotiated or renewed** in 2022 with a +6-year lease extension on average at or above passing rents. Covivio has notably renegotiated more than 88,000 m² in Velizy with Thales
- **81,950 m² have been let or pre-let** in 2022, including 58,529 m² on development projects, with:
  - **38,000 m² on Vélizy**, to be delivered in 2026 and 100% pre-let with a 12-year lease to Thalès
  - **9,340 m² on Paris Anjou**, to be delivered in 2025 and 100% pre-let for 10 years to a top luxury firm
  - **9,160 m² on Paris Streambuilding**, to be delivered in 2022 and pre-let with a 9-year lease to OVH
  - **2,030 m² on Levallois Maslö**, to be delivered late 2022 and now 10% pre-let with a 9-year binding agreement
  - **4,800 m² in La Défense-CB 21** with two new tenants
  - **5,750 m² in Cœur Orly Belaïa**, to Transavia, now 85% let
  - **1,430 m² in Chatillon IRO**, to AUUM, now 42% let
- **54,600 m² were vacated**, mostly in Western Crescent (40,350 m²), First ring (12,100 m²) and major regional cities (4,500 m²)
  - 51,000 m² for redevelopment (€14 million of top up GS) redevelopment, mostly in Western Crescent and first ring
  - 4,000 m² on assets partially relet.

1.2.2.6 Lease expiries and occupancy rate

1.2.2.6.1 Lease expiries: firm residual lease term of 4.8 years

(In € million)	By lease end date (1st break)	% of total	By lease end date	% of total
2022	13.5	7%	13.3	7%
2023	40.8	21%	27.7	14%
2024	17.6	9%	6.8	4%
2025	35.8	19%	23.0	12%
2026	3.0	2%	2.0	1%
2027	18.7	10%	12.5	6%
2028	8.0	4%	18.1	9%
2029	6.3	3%	16.2	8%
2030	17.1	9%	29.0	15%
2031	2.3	1%	13.6	7%
Beyond	29.7	15%	30.6	16%
TOTAL	**192.9**	**100%**	**192.9**	**100%**

The firm residual duration of leases was stable *vs* year-end-2021 (4.8 years).

In 2022, the €14 million of lease expiries representing 2.0% of Covivio annualized revenues are split as follow:

- 1.7% of Covivio annualized revenues (€11.5 million) already managed due to assets that will be vacated for redevelopment, mostly located in Paris CBD
- 0.3% of Covivio annualized revenues (€2.1 million) to be managed:
  - 0.2% relate to Core assets, well located in Paris CBD and in the first rim, and with good accessibility in public transports
  - 0.1% mostly on Manage-to-assets, mainly located in Western Crescent and La Défense.

1.2.2.6.2 Occupancy rate: 94.2% at end June 2022

(In %)	2021	H1 2022
Paris Centre West	99.9%	99.0%
Southern Paris	99.6%	100.0%
North Eastern Paris	98.6%	98.8%
Paris	99.4%	99.2%
Western Crescent and La Défense	90.0%	93.2%
Inner ring	89.4%	89.6%
Outer ring	96.2%	96.2%
Total Paris Region	**93.3%**	**94.2%**
Major regional cities	96.4%	96.7%
Other French Regions	65.9%	71.5%
TOTAL	**93.2%**	**94.2%**

- In Paris, the occupancy rate is exceptionally high and close to 100%, with no vacancy except for few spaces in Cap 18, a tertiary activity area in the North of Paris that aims to be fully redeveloped in the coming years. This lays the stress on the polarization of the demand toward most central places.
- In the Western Crescent, the occupancy rate increases thanks to the lettings on CB 21, 91% *vs* 79% occupancy rate in 2021.

1.2.2.7 Portfolio values

1.2.2.7.1 Change in portfolio values

(In € million, including duties Group Share)	Value 2021	Invest.	Disp.	Change in value	Change in scope	Value H1 2022
Assets in operation	4,881	8	-335	3	-181	4,375
Assets under development	1,000	66	0	52	188	1,306
TOTAL	**5,880**	**74**	**-335**	**55**	**6**	**5,681**

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

- 25 assets in Paris, new or with high potential for redevelopment (45% of portfolio value)
- 60 assets of high quality in Greater Paris and center of major regional cities (52% of portfolio value)
- 25 non-core assets, of which 11 are under disposal agreements (1%)
- 12 assets under study for residential development (1%).

The portfolio value decreased by €-199 million since year-end-2021 (-3.4%) mainly driven by:

- +€55 million from **like-for-like** value growth, mostly resulting from development assets and indexation effect
- +€74 million invested in **development projects** and in **upgrading work** on assets in operation
- -€335 million from **disposals**, mainly signed last year and transferred in 2022 (Carré Suffren and Eiffage Vélizy), on mature assets.

1.2.2.7.2 Like-for-like portfolio evolution: +1.0%

(In € million, excluding duties)	Value 2021 100%	Value 2021 Group Share	Value 2022 100%	Value 2022 Group Share	LfL (in %) change[1] 6 months	Yield[2] 2021	Yield[2] 2022	% of Subtotal
Paris Centre West	1,466	1,389	1,590	1,491	+4.8%	3.1%	3.0%	26%
Paris South	898	743	517	517	+1.5%	4.0%	4.1%	9%
Paris North-East	680	554	702	570	+1.7%	5.0%	5.0%	10%
Total Paris	**3,044**	**2,686**	**2,809**	**2,578**	**+3.4%**	**3.9%**	**3.9%**	**45%**
Western Crescent	1,298	1,148	1,275	1,129	-3.3%	5.4%	5.2%	20%
Neuilly/Levallois								*6%*
La Défense/Péri Défense/Rueil								*11%*
Issy-les-Moulineaux/Boulogne								*3%*
Inner ring	1,810	1,271	1,653	1,190	-0.2%	5.1%	4.9%	21%
Montrouge/Malakoff/Châtillon								*7%*
Vélizy/Meudon								*9%*
Other								*5%*
Outer ring	40	40	38	38	+0.2%	6.5%	6.9%	1%
Total Paris Region	**6,192**	**5,145**	**2,965**	**2,357**	**+0.9%**	**4.6%**	**4.5%**	**41%**
Major regional cities	**991**	**682**	**923**	**701**	**+1.8%**	**4.3%**	**4.2%**	**12%**
Lyon/Marseille/Bordeaux								*6%*
Other								*6%*
Subtotal	**7,183**	**5,827**	**6,697**	**5,636**				**99%**
Other French Regions	**53**	**53**	**45**	**45**	**-3.7%**	**5.5%**	**6.0%**	**1%**
TOTAL	**7,236**	**5,880**	**6,742**	**5,681**	**+1.0%**	**4.6%**	**4.5%**	**100%**

(1) LfL: Like-for-Like.
(2) Yield excluding assets under development.

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

- 52% in Paris & Neuilly/Levallois
- 12% in the center of major regional cities (Lyon, Bordeaux, Marseille)
- 35% in top business districts of Greater Paris
- 1% in other French regions.

The high quality of the portfolio explains the increase in values by +1.0% on a like-for-like basis at end of June 2022, considering development pipeline value creation and increase in core Parisian assets:

- a dynamic **development portfolio** with significant value increase (+3.3%) explained by its attractive locations, especially in CBD
- increases on assets rented with long term maturities in which the indexation effect contributes to value creation
- decreases on the temporarily **challenged assets** mainly in La Défense, Issy-les-Moulineaux and Charenton area.

1.2.2.8 Assets partially owned

Partially owned assets are the following:

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

1.2.3 Italy Offices: 15% of Covivio's portfolio

Covivio's Italy strategy is focused on Milan, where the Group's acquisitions and developments are concentrated. At end-June 2022, the Group owned offices worth €3.2 billion (€2.6 billion Group Share) composed of:

- 81% (€2.1 billion) of offices in Milan, mostly in the CBD and centre of the city
- 15% (€0.4 billion Group Share) Telecom Italia assets outside Milan, 100% occupied with 9.7 years firm lease
- 4% (€0.1 billion) non-core assets outside Milan.

1.2.3.1 Milan Office market: a record half year in terms of take-up and rents, yields stabilizing

- Milan Office **take-up** stood at 260,000 m² in H1 2022 (+60% YoY), with an increase in the number of transactions from 101 to 156, especially in the CBD (from 27 to 61 transactions and +123% for take-up). Grade A buildings were the most in demand, representing 76% of the take-up (*vs* 72% in 2021), constantly increasing
- **Vacancy rate** stood at +10.3% (-0.8 pts *vs* end-2021), with strong disparity between the center, where most of Covivio's portfolio is located: 5.1% in the CBD (*vs* 6.1%); 5.2% in semi-center (*vs* 5.5%) and 13.8% in the periphery (*vs* 14.3%)
- **Prime rents** in Milan increased by +6% over the last 6 months in the CBD to €660/m², according to C&W. This evolution is mainly due to the scarcity of central and quality spaces
- Prime yields stabilized over H1 2022, to 3.0%, with an unchanged appetite for prime assets.

Covivio's activities in Italy at end-June 2022 were marked by:

- a resilient **occupancy rate of 98.1%**
- acceleration of **disposals**, with €172 million Group Share, mainly from Telecom Italia assets and non-core properties outside Milan
- delivery of Wellio Duomo (4,500 m²), second spot and second success for Covivio's flexible offer in Milan
- stability of values with a +1.2% like-for-like in Milan.

1.2.3.2 Accounted rental income: +3.6% like-for-like

(In € million)	Rental income H1 2021 100%	Rental income H1 2021 Group Share	Rental income H1 2022 100%	Rental income H1 2022 Group Share	Change (in %)	Change (in %) LfL[1]	% of total
Offices – excl. Telecom Italia	38.0	38.0	38.5	38.5	+1.3%	+4.7%	53.8%
of which Milan	*30.3*	*30.4*	*32.8*	*32.8*	*+8.1%*	*+3.8%*	*45.8%*
Offices – Telecom Italia	39.0	19.9	33.1	16.9	-15.1%	+1.2%	46.2%
TOTAL	**77.0**	**57.9**	**71.6**	**55.4**	**-4.3%**	**+3.6%**	**100.0%**

(1) LfL: Like-for-Like.

Overall, rental income decreased by -€2.5 million compared to H1 2021 due to:

- **disposals** of non-core and core-mature assets (-€5.0 million)
- **increasing like-for-like rents** (+€1.8 million, +3.6%) mainly due to:
  - new leases on Garibaldi Complex (+0.6%) and no more covid discount (+0.5%)
  - inflation impact (+1.8%) of which Telecom Italia portfolio (+0.4%)
  - partially offset by vacancy on high street retail spaces in Milan (-0.4%)
- **deliveries** of The Sign B, The Sign C, Symbiosis D in Milan (+€1.9 million)
- **vacating for redevelopment** (-€1.3 million), in Rozzano.

1.2.3.3 Annualized rental income: €117 million Group Share

(In € million)	Surface (in m²)	Number of assets	Annualized rents 2021 100%	Annualized rents 2021 Group Share	Annualized rents H1 2022 100%	Annualized rents H1 2022 Group Share	Change (in %)	% of total
Offices – excl. Telecom Italia	341,156	40	92.8	92.8	86.7	86.7	-6.5%	74%
Offices – Telecom Italia	549,027	69	68.5	34.9	59.1	30.1	-13.7%	26%
Development portfolio	110,225	5	0.0	0.0	0.0	0.0	-	n.a.
TOTAL	**1,000,407**	**114**	**161.3**	**127.7**	**145.8**	**116.9**	**-8.5%**	**100%**

(In € million)	Surface (in m²)	Number of assets	Annualized rents 2021 100%	Annualized rents 2021 Group Share	Annualized rents H1 2022 100%	Annualized rents H1 2022 Group Share	Change (in %)	% of total
Milan	475,190	45	92.3	85.2	89.8	82.7	-3.0%	71%
Rome	66,510	11	8.3	4.2	8.3	4.2	0.0%	4%
Turin	65,425	5	7.0	5.8	7.2	6.2	+6.0%	5%
North of Italy	243,475	34	32.4	21.0	23.9	15.0	-28.8%	13%
Others	149,808	19	21.2	11.4	16.7	8.9	-22.5%	8%
TOTAL	**1,000,407**	**114**	**161.3**	**127.7**	**145.8**	**116.9**	**-8.5%**	**100%**

Annualized rental income decreased by -8.5% mainly due to the disposals of end 2021.

1.2.3.4 Indexation

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

During the H1 2022, the average monthly change in the CPI was +6.2%, with effect mostly in 2023.

1.2.3.5 Rental activity: 15,300 m² let or prelet in H1 2022

(In € million)	Surface (in m²)	Annualized Top up rents H1 2022 Group Share	Annualised rents 2021 (100%, €/m²)
Vacating	24,895	6.1	245
Lettings on operating portfolio	3,563	2.2	606
Lettings on development	11,770	7.4	629
Renewals	978	0.3	348

In H1 2022, around **15,300 m² of new leases** were signed:

- 3,600 m² on the operating portfolio, of which 2,600 m² of retail spaces
- 11,800 m² pre-letting on development portfolio with Corso Italia fully let.

Additionally, close to 1,000 m² have been renewed with a duration extension of 7 years.

24,900 m² were vacated during 2022:

- 21,050 m² vacated for development
- 2,230 m² have already been re-let
- 1,614 m² still to be managed.

1.2.3.6 Lease expiries and occupancy rates

1.2.3.6.1 Lease expiries: 7.2 years of average firm lease term

(In € million, Group Share)	By lease end date (1st break)	% of total	By lease end date	% of total
2022	7.4	6%	7.1	6%
2023	5.9	5%	2.9	2%
2024	2.9	3%	2.6	2%
2025	8.8	8%	1.9	2%
2026	4.0	3%	6.7	6%
2027	5.5	5%	7.5	6%
2028	17.3	15%	22.0	19%
2029	2.7	2%	2.2	2%
2030	21.0	18%	16.1	14%
2031	12.1	10%	10.0	9%
Beyond	29.1	25%	38.0	33%
TOTAL	**116.9**	**100%**	**116.9**	**100%**

The firm residual lease term stabilized at 7.2 years thanks to new deliveries (Symbios D, Unione, Wellio) and the renewal signed in Milan.

In 2022, the €7.4 million of lease expiries representing 1.1% of Covivio annualized revenues are split as follows:

- 0.6% of Covivio annualized revenues (€4.0 million) already managed due to break option not exercised and new contracts already signed (€0.1 million)
- 0.4% of Covivio annualized revenues due to one asset under preliminary (€2.6 million)
- 0.1% of Covivio annualized revenues (€0.7 million) to be managed, relate mainly to Core assets.

1.2.3.6.2 Occupancy rate: a high-level of 98.1%

(In %)	2021	H1 2022
Offices – excl. Telecom Italia	95.4%	97.5%
Offices – Telecom Italia	100.0%	100.0%
TOTAL	**96.6%**	**98.1%**

The occupancy rate increased by +150 bps over the semester, mainly explained by lettings in Via Dante (+1 pt) and the sale of Innovazione (+0.5 pt).

1.2.3.7 Portfolio values

1.2.3.7.1 Change in portfolio values

(In € million, Group Share excluding duties)	Value 2021	Invest.	Disposals	Change in value	Transfer	Value H1 2022
Offices – excl. Telecom Italia	1,805	9	-11	-2	29	1,830
Offices – Telecom Italia	615	-	-69	16	-	561
Development portfolio	234	12	-	5	-29	221
TOTAL STRATEGIC ACTIVITIES	**2,653**	**21**	**-80**	**18**	**0**	**2,612**

1.2.3.7.2 Portfolio in Milan: 95% of the portfolio excluding Telecom Italia

(In € million, excluding duties)	Value 2021 Group Share	Value H1 2022 100%	Value H1 2022 Group Share	LfL[(1)] change	Yield[(2)] 2021	Yield[(2)] H1 2022	% of total
Offices – excl. Telecom Italia	1,805	1,830	1,830	-0.1%	5.2%	5.1%	70.1%
Offices – Telecom Italia	615	1,100	561	+2.9%	5.7%	5.4%	21.5%
Development portfolio	234	221	221	+2.1%	n.a.	n.a.	8.5%
TOTAL STRATEGIC ACTIVITIES	**2,653**	**3,151**	**2,612**	**+0.7%**	**5.3%**	**5.1%**	**100%**

(1) LfL: Like-for-Like.
(2) Yield excluding development projects.

(In € million, excluding duties)	Value 2021 Group Share	Value H1 2022 100%	Value H1 2022 Group Share	LfL[(1)] change	Yield[(2)] 2021	Yield[(2)] H1 2022	% of total
Milan	2,049	2,273	2,109	+1.2%	4.7%	4.7%	81%
Turin	102	114	97	-3.2%	6.2%	6.3%	4%
Rome	89	180	92	+3.0%	4.7%	4.6%	4%
North of Italy	242	325	175	-4.2%	8.4%	7.5%	7%
Others	172	259	138	+0.1%	7.1%	7.0%	5%
TOTAL	**2,653**	**3,151**	**2,612**	**+0.7%**	**5.3%**	**5.1%**	**100%**

(1) LfL: Like-for-Like.
(2) Yield excluding development projects.

The weight of Milan Offices now represents 81% of the portfolio (+4 pts *vs* end-2021) and 95% excluding Telecom Italia assets. Milan's exposition is in line with Covivio's strategy to focus on major European cities.

- Milan portfolio values have grown (+1.2%), sustained by the development portfolio's good performance (+2.1%).
- Telecom Italia portfolio slightly increased (+2.9%), relying on its strong fundamentals:
  - 100% occupancy
  - 9.7 years average lease term.
- Non-core offices (outside Milan) continue to show a decrease (-11.2%) due to the general market situation. Covivio has greatly reduced its exposure in the last few years to these assets, which now represent only 4% of the portfolio.

1.2.4 Germany offices: 8% of Covivio's portfolio

1.2.4.1 A growing letting market, but a slow-down in the investment market

- **Take-up** in German's top six markets[1] in H1 2022 increased by +35.6% year-on-year to 1.6 million m^2, exceeding the 5-year average everywhere for the first time since the beginning of the pandemic. Nonetheless, there is strong disparity between the cities: Munich (+80%), Düsseldorf (+75%), Cologne (+65%), Hamburg (+27%), Frankfurt (+8%), Berlin (+8%)
- **Immediate supply** is still quite tight with a low but increasing vacancy rate at 4.7% on average compared to the end of 2021 (at 4.3%) and with strong disparities: Berlin displays the lowest vacancy level at 2.8% closely followed by Cologne (2.9%), and then Munich (3.8%) & Hamburg (4.6%). Düsseldorf (7.6%) and Frankfurt (8.5%) vacancy levels remain higher
- **Future supply** is also increasing with around 4.0 million m^2 under construction:
  - little risk of oversupply in short-term: high pre-let ratio of 49%
  - future available space represents 1.3 year of take-up[2].
- **Prime rents** have kept on growing, despite a slow increase in vacancy rate, at an overall +2.2% rate compared to December 2021 with some disparities in the trends: +5,3% in Düsseldorf (€360/m^2), +4,7% in Cologne (€333/m^2), +3% in Berlin (€540/m^2), +2% in Hamburg (€384/m^2) whereas Munich (€510/m^2) and Frankfurt's (€576/m^2) levels remain stable
- **Investment in German Offices** in H1 2022 amounted to €13.1 billion (+17% *vs* H1 2021). Office properties remain the strongest asset class on the German market for commercial real estate:
  - Berlin, Frankfurt, and Hamburg count for 64% of the investment volume in H1 2022
  - prime yields now stand at 2.55% in Berlin, 2.60% in Munich, 2.70% in Hamburg and 2.80% in Frankfurt.

Sources: BNP Research, Savills.

1.2.4.2 Accounted rental income: +€1.7 million Group Share in 2022

(In € million)	Rental income H1 2021 100%	Rental income H1 2021 Group Share	Rental income H1 2022 100%	Rental income H1 2022 Group Share	Change (in %) Group Share	Change (in %) LfL[(1)] Group Share	% of rental income
Berlin	3.6	2.5	3.8	2.7	+7.2%	+3.9%	12%
Frankfurt	9.7	9.0	10.0	9.2	+1.7%	+2.7%	40%
Düsseldorf	4.3	4.0	4.7	4.4	+9.3%	-0.3%	19%
Hamburg	4.2	3.9	4.9	4.7	+20.0%	+15.7%	20%
Munich	1.3	1.2	1.5	1.4	+18.7%	+16.2%	6%
Other	0.6	0.4	0.6	0.4	+3.4%	+0.7%	2%
TOTAL	**23.6**	**21.0**	**25.5**	**22.7**	**+8.2%**	**+6.4%**	**100%**

(1) LfL: Like-for-Like.

Rental income amounted to €22.7 million in Group Share, grew by +€1.7 million compared to H1 2021 due to:

- indexation for €0.6 million
- letting activity for €1.2 million: mainly lease agreements signed in 2021 with full rental income effect in 2022 on Sunsquare in Munich (+€0.3 million), Zeughaus in Hamburg (+€0.5 million) and Y2 in Frankfurt (+€0.2 million).

1.2.4.3 Annualized rents: €46.7 million Group Share

Geographic breakdown

(In € million)	Surface (m^2)	Number of assets	Annualized rents 2021 100%	Annualized rents 2021 Group Share	Annualized rents H1 2022 100%	Annualized rents H1 2022 Group Share	Change Group Share (in %)	% of rental income
Berlin	53,030	6	7.2	5.1	7.8	5.4	+7.0%	12%
Frankfurt	118,649	4	20.7	19.0	21.2	19.5	+2.6%	42%
Düsseldorf	68,786	2	8.8	8.3	9,0	8,4	+1.7%	18%
Hamburg	69,041	2	9.5	8.9	10.2	9.6	+7.7%	21%
Munich	37,104	2	3.0	2.8	3.1	3.0	+5.4%	6%
Other	12,945	1	1.2	0.7	1.2	0.7	+1.0%	2%
TOTAL	**359,555**	**17**	**50.4**	**44.9**	**52.5**	**46.7**	**+4.1%**	**100%**

The annualized rental income at the end of June 2022 reaches €46.7 million, an increase of +4% compared to December 2021, mainly explained by the increase in actual occupancy: mainly lease agreements signed in 2021 with lease start in 2022 (+€0.5 million on Zeughaus, +€0.3 million on FAC, +€0.2 million on Y2, +€0.1 million on City Gate).

(1) Top 6 cities include Berlin, Düsseldorf, Frankfurt, Cologne, Munich, and Hamburg.
(2) Based on 2021 annual take-up.

1.2.4.4 Indexation

Rents are indexed on the German consumer price index for 42% of lease, 10% have a fixed uplift and 33% have an indexation clause if CPI goes above an annual increase between 5% and 10%, the remainder is not indexed and mainly let to public administration.

1.2.4.5 Rental activity

	Surface (in m²)	Annualized Top up rents H1 2022 (in €M, Group Share)	Annualized rents H1 2022 (in €/m²,100%)
Vacating	2,445	0.39	175
Letting	3,671	0.84	283

The rental activity in H1 2022 was marked by:

- about 3,700 m² let, of which 1,600 m² in Hamburg for 15 years; 600 m² in Frankfurt, and 1,300 m² in Berlin
- about 2,500 m² of vacated space, including 1,000 m² in Hamburg, 500 m² in Frankfurt, 650 m² in Düsseldorf.

1.2.4.6 Lease expiries and occupancy rate

1.2.4.6.1 Lease expiries: firm residual lease term of 4.3 years

(In € million)	By lease end date (1st break)	% of total	By lease end date	% of total
2022	4.4	10%	4.3	9%
2023	4.8	10%	3.2	7%
2024	13.0	28%	10.4	22%
2025	4.5	10%	4.0	9%
2026	3.4	7%	3.2	7%
2027	5.6	12%	3.3	7%
2028	1.2	3%	3.6	8%
2029	1.9	4%	5.7	12%
2030	1.5	3%	1.7	4%
2031	0.0	0%	0.7	1%
Beyond	6.3	14%	6.5	14%
TOTAL	**46.7**	**100%**	**46.7**	**100%**

The firm residual duration of leases stands at 4.3 years (*vs* 4.4 years at end-2021).

€4.4 million of expiries are coming in 2022, representing 0.65% of Covivio annualized revenues. They include:

- 0.35% already managed, including rental agreements which are rolling leases for which break options will not be exercised, and lease agreements for which the tenant is vacating but the space has already been relet
- 0.31% to be managed, mainly in Berlin, Hamburg, and Munich, among which 0.25% is expected to be renewed.

1.2.4.6.2 Occupancy rate of 84.9%

(In %)	2021	H1 2022
Berlin	94.7%	92.7%
Frankfurt	87.4%	86.9%
Düsseldorf	58.5%	93.2%
Hamburg	85.9%	87.1%
Munich	55.3%	56.9%
Other	99.7%	100.0%
TOTAL	**78.8%**	**84.9%**

The occupancy rate has improved and stands at 84.9% (+6.1 pts compared to year-end 2021) mainly due to the launch of the redevelopment of Herzogterrassen now classified in development.

1.2.4.7 Portfolio values

1.2.4.7.1 Change in portfolio values

(In € million, Group Share, excluding duties)	Value 2021	Invest.	Change in value	Value H1 2022
Berlin	264	15	7	286
Frankfurt	470	1	0	471
Düsseldorf	306	1	-3	304
Hamburg	286	2	-2	285
Munich	110	2	-4	108
Other	10	0	0	10
TOTAL	**1,445**	**21**	**-2**	**1,464**

The portfolio value in Group Share has increased by **+€19 million** since year-end 2021, mainly due to:

- **€21 million of investments**: investment into development projects (€15 million mainly invested in Alexanderplatz project in Berlin) and investment of €6 million into existing assets
- **€2 million of change in values (LFL).**

1.2.4.7.2 Like-for-like portfolio evolution: 0.2%

(In € million, excluding duties)	Value 2021 100%	Value 2021 Group Share	Value H1 2022 100%	Value H1 2022 Group Share	LfL[1] change 6 months	Yield 2021	Yield H1 2022	% of total value
Berlin	396	264	434	286	+2.5%	3.8%	3.9%	20%
Frankfurt	510	470	511	471	-0.1%	4.1%	4.1%	32%
Düsseldorf	325	306	322	304	-1.1%	2.7%	3.9%	21%
Hamburg	303	286	303	285	-0.8%	3.1%	3.4%	19%
Munich	117	110	114	108	-3.2%	2.5%	2.7%	7%
Other	16	10	17	10	+3.5%	7.5%	7.2%	1%
TOTAL	**1,667**	**1,445**	**1,702**	**1,464**	**-0.2%**	**3.4%**	**3.8%**	**100%**

(1) LfL: Like-for-Like.

Covivio Germany Office portfolio reaches a critical size with €1.7 billion of assets:

- the portfolio is stable on a like-for-like basis (-0.2%). On the one hand, it includes an **increase in valuation for Berlin assets: +2.5%** mainly due to an increase in market rental level. On the other hand, assets in other cities suffered a decrease in valuation mainly linked with vacancy and a slight increase in cap and discount rates (+5 bps to +10 bps)
- the gross yield grew from 3.4% end-2021 to 3.8% in H1 2022, due to the shift (+0.4 bps) of Herzogterrassen from the operating portfolio to the development pipeline.

1.2.5 German residential: 30% of Covivio portfolio

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

Covivio owns around 41,300 units in Berlin, Hamburg, Dresden, Leipzig and North Rhine-Westphalia, representing €8.3 billion (€5.4 billion Group Share) of assets.

1.2.5.1 Sustained market fundamentals

- **The housing shortage** persists with a deficit of around 670,000 units in Germany at end-2021, **especially marked in Berlin** with a lack of more than 200,000 units.
- **Demography keeps on supporting this trend:** aging population, increase in the number of households (+971 k by 2040), refugees coming from Ukraine (700 k registered in May).
- **More recently, increased construction costs and a shortage in construction workers** also appeared, delaying some projects, and putting **pressure on offer**.
- In Berlin, there is on average 217 potential tenants per available apartment (*vs* 177 in Q1).
- This shortage continues to drive an important **increase in rents and values** in Germany. In **Berlin**:
  - the median **asking rent** on new buildings increased by +8% to €18.2/m^2 over a year at end-March 2022, while average asking rent on existing buildings increased by +10% to €13.6/m^2
  - the median **asking price increased by +6%** YoY and stood at €5,600/m^2 in March 2022, well above the current valuation of Covivio's residential portfolio (€3,467/m^2). In June, the square meter price for new buildings also **reached a new high** of €8,430/m^2 (+14% YoY).

In the first semester of 2022, Covivio's activities were marked by:

- continued and sustained rental growth: +3.0% on a like-for-life basis, driven by NRW and Dresden & Leipzig
- strong value growth: +5.9% increase on a like-for-like basis
- closed acquisitions of 165 units in Berlin for an average price of €2,630/m².

Sources: Guthman Real Estate, Catella, ImmobilienScout, CBRE.

1.2.5.2 Accounted rental income: +3.0% like-for like

(In € million)	Rental income H1 2021 100%	Rental income H1 2021 Group Share	Rental income H1 2022 100%	Rental income H1 2022 Group Share	Change Group Share (in %)	Change Group Share (in %) LfL[1]	% of rental income
Berlin	65.0	42.2	68.7	45.1	6.9%	+2.9%	52%
of which Residential	*52.1*	*33.7*	*54.7*	*35.9*	*6.3%*	*+1.9%*	*41%*
of which Other commercial[2]	*12.9*	*8.4*	*14.1*	*9.3*	*10.5%*	*+6.5%*	*11%*
Dresden & Leipzig	11.5	7.4	11.4	7.4	0.4%	+3.1%	8%
Hamburg	8.6	5.6	8.6	5.6	0.6%	+2.4%	6%
North Rhine-Westphalia	46.3	29.2	46.0	29.0	-0.8%	+3.4%	33%
Essen	16.8	10.4	16.9	10.5	0.7%	+3.5%	12%
Duisburg	8.1	5.0	8.1	5.0	-0.6%	+2.3%	6%
Mulheim	5.3	3.3	5.2	3.3	-1.4%	+2.3%	4%
Oberhausen	5.1	3.4	4.8	3.1	-7.9%	+3.2%	4%
Other	11.1	7.1	10.9	7.0	-0.9%	+4.5%	8%
TOTAL	**131.5**	**84.5**	**134.8**	**87.2**	**3.2%**	**+3.0%**	**100%**
of which Residential	*113.5*	*73.1*	*116.4*	*75.1*	*2.7%*	*+2.6%*	*86%*
of which Other commercial[2]	*17.9*	*11.4*	*18.4*	*12.0*	*5.8%*	*+6.1%*	*14%*

(1) LfL: Like-for-Like.
(2) Ground-floor retail, car parks, etc.

Rental income amounted to €87 million Group Share in H1 2022, up +3.2% (+€2.7 million) due to:

- in Berlin, the like-for-like rental growth is +2.9% (+€1.2 million) driven by the indexation (+1.9 pts) and the relettings including modernizations (+1.0 pts)
- outside Berlin, like-for-like rental growth was strong in all areas (+3.2% on average, +€1.2 million) due to the reletting impact (including modernizations) and the indexation
- acquisitions in Berlin in 2021 and H1 2022 (+€2.5 million)
- disposals (-€1.2 million) mainly involving a portfolio of mature assets in NRW in H2 2021 as well as some privatizations with high margins in Berlin
- others (-€1.0 million) which include the one-off effect of the cancellation of the Mietendeckel in Berlin (recovery of rents from 2020 in H1 2021).

1.2.5.3 Annualized rental income: €179.1 million Group Share

(In € million)	Surface (in m²)	Number of units	Annualised rents 2021 Group Share	Annualised rents H1 2022 100%	Annualised rents H1 2022 Group Share	Change Group Share (in %)	Average rent (in €/m²/month)	% of rental income
Berlin	1,322,811	18,057	90.8	142.6	93.6	+3.1%	€9.0/m²	52%
of which Residential	*1,138,008*	*16,862*	*72.5*	*113.0*	*74.1*	*+2.3%*	*€8.3/m²*	*41%*
of which Other commercial[(1)]	*184,803*	*1,195*	*18.3*	*29.6*	*19.5*	*+6.3%*	*€13.4/m²*	*11%*
Dresden & Leipzig	265,536	4,357	15.2	22.8	14.8	-2.5%	€7.2/m²	8%
Hamburg	143,806	2,366	11.4	17.6	11.5	+0.9%	€10.2/m²	6%
North Rhine-Westphalia	1,103,984	16,537	58.5	93.9	59.2	+1.2%	€7.1/m²	33%
Essen	393,943	5,761	21.2	34.6	21.5	+1.2%	€7.3/m²	12%
Duisburg	204,535	3,147	10.1	16.5	10.3	+1.3%	€6.7/m²	6%
Mulheim	126,913	2,133	6.7	10.7	6.7	+1.3%	€7.0/m²	4%
Oberhausen	124,353	1,830	6.3	9.8	6.4	+1.6%	€6.6/m²	4%
Others	254,241	3,666	14.2	22.3	14.3	+0.9%	€7.3/m²	8%
TOTAL	**2,836,137**	**41,317**	**175.9**	**277.0**	**179.1**	**+1.8%**	**€8.1/M²**	**100%**
of which Residential	*2,596,146*	*39,739*	*151.8*	*238.9*	*154.2*	*+1.6%*	*€7.7/m²*	*86%*
of which Other commercial[(1)]	*239,991*	*1,578*	*24.1*	*38.1*	*24.9*	*+3.4%*	*€13.2/m²*	*14%*

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

The portfolio breakdown has been relatively stable for the past few periods, with Berlin generating slightly above 50% of the rental income (+2 pts *vs* H1 2021), through residential units and some commercial units (mainly ground-floor retail).

Rental income per m² (€8.1/m²/month on average) offers solid growth potential through reversion in all our markets including, Berlin (20-25%), Hamburg (20-25%), Dresden and Leipzig (10-15%) and in North Rhine-Westphalia (15-20%).

1.2.5.4 Indexation

Rental income from residential property in Germany changes depending on multiple mechanisms:

1.2.5.4.1 Rents for re-leased properties

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

As an exception to the unrestricted rent setting principle, cities like Berlin, Hamburg, Cologne and Düsseldorf have introduced rent caps *(Mietpreisbremse)* for re-leased properties. End of May 2022, this cap rate was also decided for Dresden and Leipzig and should be enforced during summer 2022. In these cities, rents for re-leased properties cannot exceed the public rent reference *(Mietspiegel)* by more than 10%, except in the following conditions:

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

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

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

Properties built after 1 October 2014 are not included in the rent cap.

1.2.5.4.2. For current leases

For residential tenants, the rent can generally be adjusted based on the local comparative rent *(Mietspiegel)*, which is usually determined based on the rent index. In addition to this adjustment method, an index-linked or graduated rent agreement can also be concluded. A successive combination of adjustment methods can also be contractually agreed (*e.g.* graduated rent for the first 5 years of the contract, followed by adjustment to the local comparative rent).

Adjustment to the local comparative rent: The current rent can be increased by 15% to 20% within three years, depending on the region, without exceeding the local comparative rent *(Mietspiegel)*. This type of contract represent c. 90% of our rental income.

1.2.5.4.3 For current leases with work carried out

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

- the works aim 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 be increased by more than €3/m² for work to modernise the property within a six-year period (€2/m² if the initial rent is below €7/m²).

1.2.5.5 Occupancy rate: a high level of 99.0%

(In %)	2021	H1 2022
Berlin	98.7%	98.5%
Dresden & Leipzig	99.5%	99.4%
Hamburg	100.0%	99.5%
North Rhine-Westphalia	99.5%	99.5%
TOTAL	**99.1%**	**99.0%**

The occupancy rate remains high, at 99%. It has remained above 98% since the end of 2015 and reflects the Group's very high portfolio quality and low rental risk.

1.2.5.6 Portfolio values: €8.3 billion (€5.4 billion Group Share)

1.2.5.6.1 Change in portfolio value: 6.0% growth

(In € million, Group Share, excluding duties)	Value 2021	Acqu.	Invest.	Disposals	Value creation on Acquis./ Disposals	Change in value	Change of scope	Value H1 2022
Berlin	2,913	19	9	-11	1	141	5	3,078
Dresden & Leipzig	429	-	2	-11	-	19	-	439
Hamburg	389	-	3	-	-	27	0	419
North Rhine-Westphalia	1,350	-	14	1	0	81	1	1,446
TOTAL	**5,079**	**19**	**28**	**-21**	**2**	**268**	**6**	**5,382**

In H1 2022, the portfolio's value increased by +6.0%, to €5.4 billion Group Share. The growth was mainly driven by the like-for-like increase in value (€268 million).

1.2.5.6.2 Change on a like-for-like basis: +5.9% growth

(In € million, excluding duties)	Value 2021 100%	Value 2021 Group Share	Surface 100% (in m²)	Value H1 2022 100%	Value H1 2022 (in €/m²)	Value H1 2022 Group Share	LfL[(1)] change 6 months	Yield 2021	Yield H1 2022	% of total value
Berlin	4,439	2,913	1,322,811	4,691	3,546	3,078	+5.2%	3.1%	3.0%	57%
of which Residential	*3,750*	*2,460*	*1,138,008*	*3,945*	*3,467*	*2,588*	*+4.7%*	*2.9%*	*2.9%*	*48%*
of which Other commercial[(2)]	*689*	*453*	*184,803*	*746*	*4,037*	*490*	*+7.7%*	*4.1%*	*4.0%*	*9%*
Dresden & Leipzig	661	429	265,535	677	2,548	439	+5.1%	3.5%	3.4%	8%
Hamburg	594	389	143,806	641	4,455	419	+7.9%	2.9%	2.8%	8%
North Rhine-Westphalia	2,143	1,350	1,103,984	2,297	2,080	1,446	+7.1%	4.3%	4.1%	27%
Essen	840	522	393,943	907	2,303	563	+8.0%	4.1%	3.8%	10%
Duisburg	354	220	204,535	375	1,835	233	+6.2%	4.6%	4.4%	4%
Mulheim	231	145	126,913	247	1,943	155	+6.3%	4.6%	4.3%	3%
Oberhausen	187	122	124,353	202	1,622	132	+7.9%	5.2%	4.9%	2%
Others	531	341	254,241	566	2,226	363	+6.6%	4.2%	3.9%	7%
TOTAL	**7,836**	**5,079**	**2,836,136**	**8,305**	**2,928**	**5,382**	**+5.9%**	**3.5%**	**3.3%**	**100%**
of which Residential	*6,926*	*4,484*	*2,596,146*	*7,338*	*2,827*	*4,748*	*+5.7%*	*3.4%*	*3.3%*	*88%*
of which Other commercial[(2)]	*910*	*595*	*239,991*	*967*	*4,029*	*635*	*+7.5%*	*4.1%*	*3.9%*	*12%*

(1) LfL: Like-for-Like.
(2) Ground-floor retail, car parks, etc.

Covivio's residential portfolio in Germany is valued at €2,928/m² on average, offering a significant growth potential, especially in Berlin where the current valuation of residential units stands at €3,467/m², significantly below the average asking price of condominiums (€5,600/m² at end-March 2022 according to Catella).

In H1 2022, values increased by +5.9% on a like-for-like basis since end-2021 which represents yet another very dynamic period of growth in all our markets:

- +5.2% in Berlin due to the increase in values in highly sought-after locations
- strong increase in NRW (+7.1%), Hamburg (+7.9%) and Dresden and Leipzig (5.1%) thanks to the continued dynamic of rental growth and the increase in value in large German cities.

~ € 1.0bn VALUE RESERVES

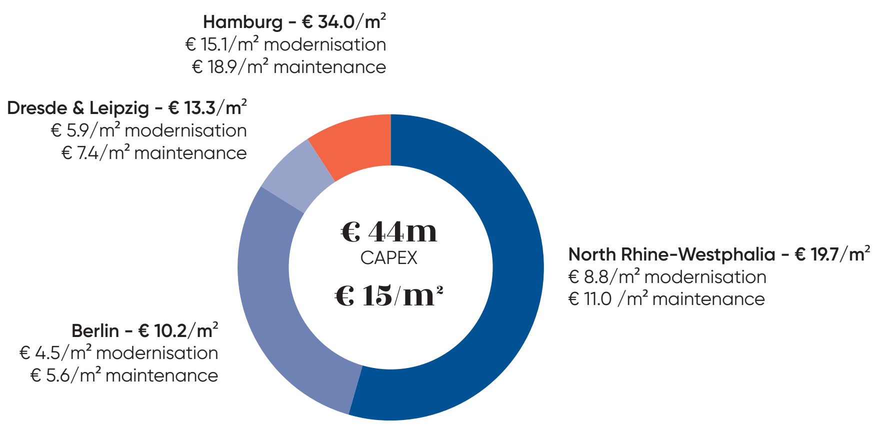
- Market price
- Covivio's Book value

	Berlin	Hamburg	Dresden & Leipzig
Market price	€ 5,600/m²	€ 6,600/m²	€ 3,091/m²
Difference	+57%	+48%	+21%
Covivio's Book value	€ 3,467/m²	€ 4,455/m²	€ 2,548/m²
Portfolio	€ 2.6bn porfolio	€ 0.4bn	€ 0.4bn
Condominium	63% in condominium	34% in condominium	50% in condominium

1.2.5.7 Maintenance and modernization Capex

In H1 2022, Capex totalled €44 million (€15.4/m²; €28 million in Group Share) and Opex came to €9 million (€3.2/m²; €6 million in Group Share).

Most of the Capex in H1 2022 were spent in Hamburg and in NRW. In Hamburg, we carried out a full energetic modernization project for c. 100 units. The quality of the portfolio in NRW enables us to benefit both from rent and value increase in this area. On average, modernization projects have a yield above 5.0%.



1.2.6 Hotels in Europe: 15% of Covivio's portfolio

Covivio Hotels, a 43.9%-owned subsidiary of Covivio as of 30 June 2022, is a listed property investment company (SIIC) and leading hotel real-estate player in Europe. It invests both in hotels under lease (fixed or variable) and hotel operating properties.

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

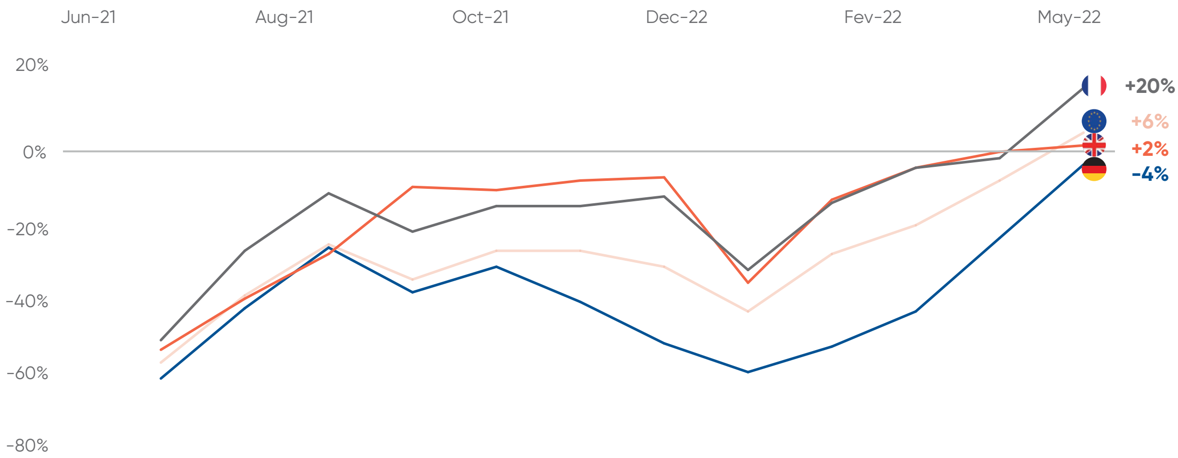
Covivio owns a high-quality hotel portfolio worth €6.7 billion (€2.6 billion in Group Share), focused on major European cities and let or operated by 16 major hotel operators such as Accor, B&B, IHG, NH Hotels, etc. This portfolio offers geographic and tenant diversification (across 12 European countries) and asset management possibilities *via* different ownership methods (hotel lease and hotel operating properties).

1.2.6.1 Acceleration of recovery over H1 2022

After a tough beginning of the year given the Omicron wave, the lifting of restrictions enabled the hotel recovery to accelerate from February – mid-March 2022, led by international tourism.

- In Europe, the **hotel recovery** was sustained, and RevPar progressively came out close and even higher than 2019 levels, rebounding from -50% in January (*vs* 2019) to +6% in May
- The H1 2022 performances confirmed the **strong rebound** in countries with a large domestic clientele, notably France, UK & Italy, which accounts for 47% of Hotel's revenues, and testified to the good fundamentals of the hotel industry, particularly the leisure segment
- **France** (and Paris in particular), recorded a strong recovery throughout the second half of the year, with RevPAR up +20% in May 2022 (*vs* 2019), demonstrating that, in addition to leisure, business customers are also recovering. UK also came back slightly above 2019 levels in May 2022 (RevPar up +2%)
- German growth was lagging until April because of longer restrictions (RevPar still down -4% in May *vs* 2019), but the pace of recovery is now also accelerating.

Rebound in performances (RevPar) until May 2022 *vs* 2019



Sources: MKG, STR

- Other good news that appeared over the first semester was the setting up of Pricing Power. Average daily rates beat 2019 levels in May, by +12% on average in Europe, with nice performances among our main exposures: +17% in Europe, +9% in the UK and even +6% in Germany
- On the investment side, the volume of transactions recorded in Europe in H1 2022 reached €5.6 billion, an increase of +19% *vs* H1 2021

Assets partially owned by Covivio Hotels include:

- 8 operating properties in Germany (94.9% owned)
- 91 B&B assets in France, including 89 held at 50.2% and 2 held at 31.2%
- 11 B&B assets in Germany (93.0%)
- 8 B&B assets in Germany, 5 of them 84.6% held and the other 3, 90.0% held
- 2 Motel One assets in Germany (94.0%)
- 30 AccorInvest assets in France (28 assets) and Belgium (2 assets), 31.2% (24 assets) and 33.3% (6 assets) owned respectively.

1.2.6.2 Accounted revenues: +100.1% on a like-for-like basis

(In € million)	Revenues H1 2021 100%	Revenues H1 2021 Group Share	Revenues H1 2022 100%	Revenues H1 2022 Group Share	Change (in %) Group Share	Change Group Share (in %) LfL[1]
Hotel Lease properties – Variable	7.4	3.2	21.1	9.3	+187.3%	+213.9%
Hotel Lease properties – Fixed	68.2	26.5	72.3	28.9	+9.1%	+8.6%
Hotel properties – UK	0.0	0.0	16.4	7.2	n.a.	n.a.
Operating properties – EBITDA	-3.8	-1.5	19.2	8.1	n.a.	n.a.
TOTAL REVENUES HOTELS	**71.8**	**28.2**	**129.0**	**53.4**	**+89.6%**	**+100.1%**

(1) LfL: Like-for-Like.

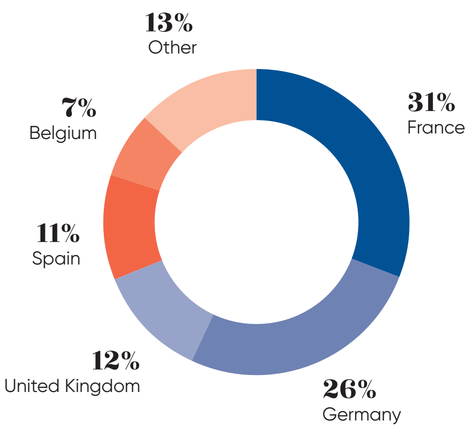
Hotel revenues increased by +100% (+€25.2 million Group Share) compared to H1 2021, due to:

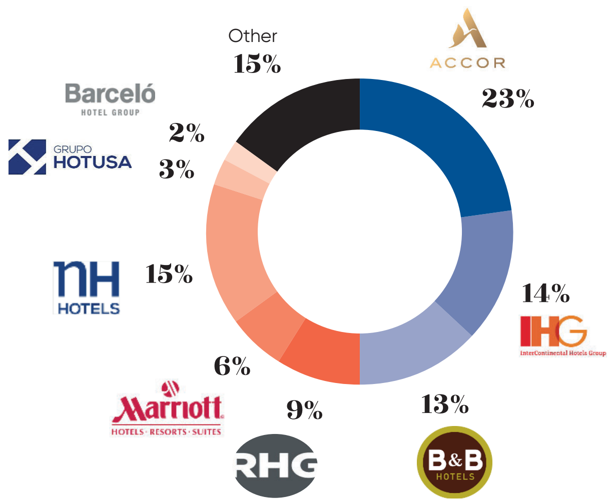
- **leased hotels:**
  - **AccorInvest variable leases portfolio** (13% of the hotel portfolio), which is indexed on hotel turnover, increased by +214% like-for-like compared to H1 2021, due to the suspension of restrictions in Europe in the first quarter of 2022. These midscale and economy hotels are located in France and Belgium
  - **UK fixed leases** (14% of the hotel portfolio): +€7 million due to renegotiation of leases
  - **other fixed leases** (45% of the hotel portfolio):
    - +€ 0.5 million due to the arrival of a new tenant in Madrid
    - on a like-for-like basis the +9% performance is explained by the rise of prices that leads to a higher indexation that directly impacts rents
    - signing of new leases with B&B France +€ 0.7 million, much higher than 2019 variable rent
- **operating hotels** (20% of the hotel portfolio): mainly located in Germany and in the North of France. The increase from -€1.5 million to €8.1 million (Germany +€6.5 million & France +€1.7 million) is due to the end of restrictive health measures since Q1 2022.

Collection rate: 100% for hotels excluding rent free and deferred payment.

1.2.6.3 Annualized revenue

Breakdown by operators and by country (based on 2022 fixed revenues and 2019 variable revenues) which amount to €135.5 million in Group Share.





Rents are split using the following breakdown: fixed (45%), variable (20%), UK (12%), and EBITDA (23%).

1.2.6.4 Indexation

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

1

1.2.6.5 Lease expiries: 12.9 years of firm residual lease term

(In € million, Group Share)	By lease end date (1st break)	% of total	By lease end date	% of total
2022	0.0	0%	0.0	0%
2023	8.1	8%	2.3	2%
2024	1.0	1%	0.6	1%
2025	2.0	2%	2.3	2%
2026	0.0	0%	0.0	0%
2027	0.9	1%	0.9	1%
2028	0.0	0%	0.0	0%
2029	11.3	11%	12.4	12%
2030	9.6	9%	9.6	9%
2031	3.8	4%	3.8	4%
Beyond	67.1	64%	72.0	69%
TOTAL HOTELS IN LEASE	**104.0**	**100%**	**104.0**	**100%**

1.2.6.6 Portfolio values: +2.8% increase like-for-like

1.2.6.6.1 Change in portfolio values

(In € million, excluding duties, Group Share)	Value 2021	Acquis.	Invest.	Disposals	Change in value	Others	Value H1 2022
Hotels – Lease properties	2,033	3	12	-29	58	0	2,079
Hotels – Operating properties	521	-	3	-	13	1	539
Assets under development	23	-	-	-	-	0	23
TOTAL HOTELS	**2,578**	**3**	**16**	**-29**	**71**	**1**	**2,641**

At the end of June 2022, the portfolio amounted to €2.6 billion Group Share, up €63 million compared to year-end 2021, essentially explained by the positive like-for-like change in value (+€71 million).

1.2.6.6.2 Change on a like-for-like basis: +2.8%

(In € million, excluding duties)	Value 2021 100%	Value 2021 Group Share	Value H1 2022 100%	Value H1 2022 Group Share	LfL[1] change	Yield[2] 2021	Yield[3] H1 2022	% of total value
France	**2,283**	**730**	**2,238**	**734**	**+3.2%**	**4.9%**	**4.9%**	**28%**
Paris	827	304	848	313				12%
Greater Paris (excl. Paris)	498	133	515	140				5%
Major regional cities	583	193	609	203				8%
Other cities	374	100	266	78				3%
Germany	**650**	**280**	**663**	**286**	**+1.9%**	**4.7%**	**4.6%**	**11%**
Frankfurt	74	31	76	32				1%
Munich	48	21	50	22				1%
Berlin	73	34	75	32				1%
Other cities	454	193	462	200				8%
Belgium	**283**	**112**	**287**	**114**	**+1.4%**	**6.3%**	**6.2%**	**4%**
Brussels	100	35	102	36				1%
Other cities	183	77	186	78				3%
Spain	**630**	**276**	**646**	**283**	**+2.4%**	**5.2%**	**5.2%**	**11%**
Madrid	283	124	286	126				5%
Barcelona	213	93	219	96				4%
Other cities	134	59	140	61				2%
UK	**785**	**344**	**817**	**358**	**+4.4%**	**4.8%**	**4.6%**	**14%**
Italy	**265**	**116**	**277**	**121**	**+2.9%**	**5.1%**	**4.9%**	**5%**
Other countries	**454**	**199**	**467**	**205**	**+1.8%**	**5.2%**	**5.2%**	**8%**
Total Hotel lease properties	**5,351**	**2,057**	**5,394**	**2,102**	**+2.9%**	**5.0%**	**4.9%**	**80%**

(In € million, excluding duties)	Value 2021 100%	Value 2021 Group Share	Value H1 2022 100%	Value H1 2022 Group Share	LfL[1] change	Yield[2] 2021	Yield[3] H1 2022	% of total value
France	**261**	**114**	**278**	**122**	**+6.1%**	**5.4%**	**5.0%**	**5%**
Lille	106	47	108	48				2%
Other cities	155	68	170	75				3%
Germany	**847**	**352**	**866**	**361**	**+1.5%**	**6.7%**	**6.5%**	**14%**
Berlin	596	248	614	256				10%
Dresden & Leipzig	198	82	199	83				3%
Other cities	53	22	54	22				1%
Other countries	**125**	**55**	**127**	**56**	**+1.6%**	**7.1%**	**6.9%**	**2%**
Total Hotel Operating properties	**1,234**	**521**	**1,272**	**538**	**+2.5%**	**6.3%**	**6.1%**	**20%**
TOTAL HOTELS	**6,584**	**2,578**	**6,666**	**2,641**	**+2.8%**	**5.3%**	**5.2%**	**100%**

(1) LfL: Like-for-Like on a 6-months basis.
(2) Yield excluding assets under development; EBIDTA yield for hotel operating properties.
(3) Yields calculated on the basis of 2022 fixed revenues and 2019 variable revenues. Effective yield for H1 2022: 4.6%.

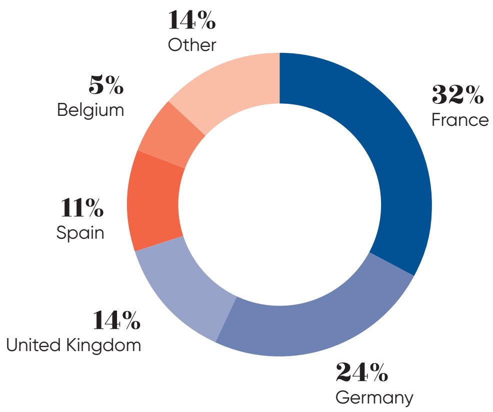
At the end of June 2022, Covivio held a unique hotel portfolio of €2.6 billion (€6.7 billion at 100%) in Europe. This strategic portfolio is characterised by:

- **high-quality locations**: average Booking.com location grade of 8.8/10 and 89% in major European city destinations
- **diversified portfolio:** in terms of countries (12 countries, none representing more than 33% of the total portfolio), and segment (68% economic/midscale and 32% upscale)
- **major hotel operators** with long-term leases: 16 hotel operators with an average lease duration of 12.9 years.

The portfolio value increased by +2.8% Like-for-Like, a mix of:

1. **UK portfolio (+4.4%):** the strong recovery in activity from the beginning of the H1 and the new lease with IHG allow an increase of +4.4% on these 12 assets representing 14% of total hotel portfolio
2. **other leased assets (+2.5%):** in line with the resumption on AccorInvest variables rents, the margin on new sale agreements and the indexation on fixed leased rents. Also thanks to the streamlining of AccorInvest portfolio with joint sales of propcos and opcos and rebranding of 31 assets into Fixed leased B&B hotels
3. **operating portfolio (+2.5%):** Good performance for the French portfolio with an increase of +6.1% thanks to the asset in the south of the France which was renovated and the rebound of the leisure clientele. Later start of the recovery of German assets at the end of H1 (+1.5%).

Portfolio breakdown by value and geography



89% in major European destinations

1.3 Financial information and comments

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

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

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

Consolidated accounts

1.3.1 Scope of consolidation

On 30 June 2022, Covivio's scope of consolidation included companies located in France and several European countries. The main equity interests in the fully consolidated but not wholly owned companies are as follows:

Subsidiaries	31/12/2021	30/06/2022
Covivio Hotels	43.8%	43.9%
Covivio Immobilien	61.7%	61.7%
Covivio Office 6 GmbH	89.9%	89.9%
Sicaf (Telecom Italia portfolio)	51.0%	51.0%
OPCI CB 21 (CB 21 Tower)	75.0%	75.0%
Covivio Alexanderplatz	55.0%	55.0%
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)	50.1%	50.1%
SCCV Fontenay-sous-Bois (France Residential)	50.0%	50.0%
SCCV Bobigny (France Residential)	60.0%	60.0%
SNC N2 Batignolles promo (Paris N2)	50.0%	50.0%
SCI N2 Batignolles (Paris N2)	50.0%	50.0%

1.3.2 Accounting principles

The consolidated financial statements have been prepared in accordance with the international accounting standards issued by the IASB (International Accounting Standards Board) and adopted by the European Union on the date of preparation. These standards include the IFRS (International Financial Reporting Standards), as well as their interpretations. The financial statements were approved by the Board of Directors on 21 July 2022.

1.3.3 Simplified income statement – Group Share

(In € million, Group Share)	H1 2021	H1 2022	var.	%
Net rental income	262.2	270.1	+7.8	+3%
EBITDA from Hotel Operating activity & flex-office	2.7	13.6	+10.9	
Income from other activities (incl. Property development)	25.4	14.4	-11.0	-43%
NET REVENUE	**290.4**	**298.1**	**+7.7**	**+3%**
Net operating costs	-38.1	-35.5	+2.6	-7%
Amortisations of operating assets	-27.1	-17.9	+9.2	-34%
Net change in provisions and other	4.4	3.8	-0.6	-14%
CURRENT OPERATING INCOME	**229.6**	**248.6**	**+18.9**	**+8%**
Net income from inventory properties	-0.3	-1.4	-1.1	
Income from value adjustments	296.3	380.4	+84.1	+28%
Income from asset disposals	6.0	-0.8	-6.8	-113%
Income from disposal of securities	1.8	24.5	+22.7	
Income from changes in scope & other	-0.8	-0.4	+0.4	-50%
OPERATING INCOME	**532.6**	**650.8**	**+118.2**	**+22%**
Cost of net financial debt	-43.0	-42.0	+1.0	-2%
Interest charges linked to financial lease liability	-3.4	-3.5	-0.1	+3%
Value adjustment on derivatives	46.3	261.1	+214.8	
Discounting of liabilities-receivables, and Result of change	-0.3	-0.5	-0.2	+67%
Early amortisation of borrowings' cost	-1.3	1.5	+2.8	-215%
Share in earnings of affiliates	9.0	23.5	+14.5	
INCOME BEFORE TAX	**540.0**	**891.0**	**+351.1**	**+65%**
Deferred tax	-67.7	-91.0	-23.4	+34%
Corporate income tax	-5.3	-4.3	+1.1	-21%
NET INCOME FOR THE PERIOD	**466.9**	**795.7**	**+328.8**	**+70%**

1.3.3.1 €298.1 million net revenue (+2.7%)

Net rental income in Group Share increased especially thanks to the good dynamic in all our activities, partly offset by disposals in offices.

(In € million, Group Share)	H1 2021	H1 2022	var.	%
France Offices	87.5	75.2	-12.3	-14.0%
Italy Offices (incl. retail)	51.3	46.4	-4.9	-9.5%
German Offices	15.4	16.7	+1.3	+8.4%
German Residential	78.7	81.8	+3.1	+3.9%
Hotels in Europe (incl. retail)	29.5	50.0	+20.5	+69.5%
Other (incl. France Residential)	-0.2	-0.1	+0.1	-53.3%
TOTAL NET RENTAL INCOME	**262.2**	**270.1**	**+7.9**	**+3.0%**
EBITDA from Hotel Operating activity & flex-office	2.7	13.6	+10.9	+403.7%
Income from other activities	25.4	14.4	-11.0	-43.3%
NET REVENUE	**290.4**	**298.1**	**+7.7**	**+2.7%**

France & Italy Offices: decrease mainly due to the sale of assets. Good like-for-like dynamic.

Germany Offices: increase of the rents following a slight reduction of the vacancy.

German Residential: increase driven by acquisitions and continued rental growth.

Hotels in Europe: recovery has been very strong since March, with performance close to or even above 2019 in April-May.

1.3.3.2 EBITDA from the Hotel Operating activity and flex-office

Increase in revenues following the recovery in the activity in particular in France. The flex-office activity increased slightly thanks to the ramp-up of this activity and the opening of new spaces in Milan.

1.3.3.3 Income from other activities

Net income from other activities comes from the income generated by the property development activity (€9.1 million), asset and development fees on partnerships (€6 million) and marginally by car park activity (€0.6 million).

1.3.3.4 Net operating costs

-€35.5 million including +€13.6 million in property management fees.

1.3.3.5 Amortisation of operating assets

Note that this item includes the amortisation linked to the right of use according to IFRS 16. This amortisation of right of use is mainly related to owner-occupied buildings and headquarters. The decrease is mainly due to the write off in our own-occupied building (Gobelins operated under our Wellio flexible workspace brand) and the impact on the park sale.

1.3.3.6 Net change in provision and other

Before the application of IFRS 16, ground lease expenses and ground lease recharge were reported within net rental income. Because of the application of IFRS 16 "Leases", there is no longer a ground lease expense (this expense is replaced by an interest charge), therefore the ground lease recharge is reported under "Net change in provision and other" so as to not artificially increase Net rental income. In H1-2021, the amount was €1.4 million and in H1-2022, the amount is €1.6 million.

1.3.3.7 Net income from inventory properties

This item refers to a marginal real estate trading activity, mainly in Italy.

1.3.3.8 Change in the fair value of assets

The income statement recognises changes in the fair value (+€380.4 million) of assets based on appraisals carried out on the portfolio.

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

For more details on changes in the portfolio by activity, see section 1 of this document.

1.3.3.9 Income from asset disposals & disposal of securities

Income from asset disposals contributed €24.5 million during the year. This income comes from a car park sale.

1.3.3.10 Cost of net financial debt

The cost of net financial debt decreased thanks to continuous debt restructuring efforts.

1.3.3.11 Interest charges linked to finance lease liability

The Group rents some land under long term leasehold. According to IFRS 16, such rental costs are stated as interest charges. The interest charges refer to the hotel activity for an amount equal to -€3.5 million.

1.3.3.12 Value adjustment on derivatives

The fair value of financial instruments (hedging instruments) is positively impacted by an average 197 bps increase in the long-term interest rates. The P&L impact is a revenue of +€261.1 million, while the 1st half 2021, it was +€46.3 million.

1.3.3.13 Share of income of equity affiliates

Group Share	% interest	Contribution to earnings (in €M)	Value	Change in equity value (in %)
OPCI Covivio Hotels	8.6%	3.8	41.7	+7.5%
Lenovilla (New Vélizy)	50.1%	9.6	70.6	+8.6%
Euromed	50.0%	2.1	33.5	+6.7%
Cœur d'Orly	50.0%	5.9	36.3	+19.3%
Phoenix (Hotels)	14.6%	2.2	48.6	+3.6%
TOTAL		**23.5**	**230.7**	**+0.3%** (1)

(1) At end-2021, Equity affiliates included Orianz (an asset sold to Icade) and Factor E (an asset now 100% owned).

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

- OPCI Covivio Hotels: two hotel portfolios, Campanile (32 hotels) and AccorHotels (39 hotels) 80%-owned by Crédit Agricole Assurances
- Lenovilla: the New Vélizy campus (47,000 m^2), let to Thalès and co-owned with Crédit Agricole Assurances
- Euromed in Marseille: one office building (Calypso) and a hotel (Golden Tulip) in partnership with Crédit Agricole Assurances
- Cœur d'Orly in Greater Paris: two buildings in the Orly airport business district in partnership with ADP
- Phoenix hotel portfolio: 32% stake held by Covivio Hotels (43.9% subsidiary of Covivio) in a portfolio of 30 Accor Invest hotels in France & Belgium.

1.3.3.14 Taxes

The corporate income tax relates to the tax on:

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

The corporate income tax amounted to -€4.2 million, including taxes on sales (-€0.5 million).

1.3.3.15 Adjusted EPRA Earnings increased by +8% to €222.7 million (+€15.8 million *vs* H1 2021)

(In € million, Group Share)	Net income Group Share	Restatements	Adjusted EPRA E. H1 2022	Adjusted EPRA E. H1 2021
NET RENTAL INCOME	**270.1**	**3.0**	**273.1**	**265.3**
EBITDA from the Hotel Operating activity & flex-office	13.6	0.6	14.2	3.3
Income from other activities (incl. Property development)	14.4	0.0	14.4	25.7
NET REVENUE	**298.1**	**3.6**	**301.7**	**294.3**
Net operating costs	-35.5	0.0	-35.5	-38.1
Amortisations of operating assets	-17.9	10.5	-7.4	-10.3
Net change in provisions and other	3.8	-1.6	2.3	3.0
OPERATING INCOME	**248.6**	**12.5**	**261.1**	**248.9**
Net income from inventory properties	-1.4	1.4	0.0	0.0
Income from value adjustments	380.4	-380.4	0.0	0.0
Income from asset disposals	-0.8	0.8	0.0	0.0
Income from disposal of securities	24.5	-24.5	0.0	0.0
Income from changes in scope & other	-0.4	0.4	0.0	0.0
OPERATING RESULT	**650.8**	**-389.7**	**261.1**	**248.9**
Cost of net financial debt	-42.0	0.7	-41.2	-42.0
Interest charges linked to finance lease liability	-3.5	2.2	-1.3	-1.3
Value adjustment on derivatives	261.1	-261.1	0.0	0.0
Discounting of liabilities-receivables and Foreign Exchange Result	-0.5	0.4	-0.1	-0.3
Early amortisation of borrowings' costs	1.5	0.3	1.8	-0.3
Share in earnings of affiliates	23.5	-16.4	7.2	6.1
PRE-TAX NET INCOME	**891.0**	**-663.6**	**227.4**	**210.9**
Deferred tax	-91.1	91.1	0.0	0.0
Corporate income tax	-4.2	-0.5	-4.7	-4.0
NET INCOME FOR THE PERIOD	**795.7**	**-573.0**	**222.7**	**206.9**
Average number of shares			*94,154,158*	*94,318,440*
NET INCOME PER SHARE			**2.37**	**2.19**

- The restatement on the net rental income is linked with the IFRIC 21 rule (property tax fully accounted in H1) which is spread over the year according to EPRA best practices.
- The restatement of the amortisation of operating assets (+€10.5 million) offsets the real estate amortisation of the flex-office and hotel operating activities.
- The restatement of the net change in provisions (-€1.6 million) consists of the ground lease expenses linked to the UK leasehold.
- There was a €0.7 million impact on the cost of debt due to early debt restructuring costs.
- Concerning the interest charges linked to finance lease liabilities relating to the UK leasehold, as per IAS 40 § 25, €2.2 million was cancelled and replaced by the lease expenses paid (see the amount of -€1.6 million under the line item "Net change in provisions and other").
- The restatement of the share in earnings of affiliates allows for the EPRA Earnings contribution to be displayed.
- The restatement of the corporate income tax (-€0.5 million) is linked to the tax on disposals.

1.3.3.16 Adjusted EPRA Earnings by activity

(In € million, Group Share)	France Offices	Italy Offices*	Germany Offices	Germany Residential	Hotels in lease[(1)]	Hotel Operating properties	Corporate or non-attributable sector	H1 2022
Net rental income	78.1	46.4	16.7	81.8		50.2	-0.2	273.1
EBITDA from Hotel Operating activity & flex-office	4.0	1.6			8.7			14.2
Income from other activities (incl. Property development)	7.1	0.2		6.6			0.5	14.4
NET REVENUE	**89.2**	**48.2**	**16.7**	**88.4**	**8.7**	**50.2**	**0.3**	**301.7**
Net operating costs	-15.6	-1.6	-0.8	-14.2		-1.8	-1.5	-35.5
Amortisation of operating assets	-3.5	-0.7	-0.4	-1.3		-1.0	-0.5	-7.4
Net change in provisions and other	3.8	-0.6	-0.7	-0.2		-0.7	0.6	2.2
OPERATING RESULT	**74.0**	**45.3**	**14.8**	**72.7**	**8.7**	**46.6**	**-1.1**	**261.0**
Cost of net financial debt	-7.0	-6.9	-3.6	-13.4		-10.6	0.3	-41.2
Other financial charges	0.0	1.8	-0.2	0.0	0.0	-1.0	0.0	0.6
Share in earnings of affiliates	4.9					2.3		7.2
Corporate income tax	-0.2	-0.7	-0.3	-2.4		-1.1	-0.1	-4.8
ADJUSTED EPRA EARNINGS	**71.6**	**39.5**	**10.7**	**56.9**	**8.7**	**36.1**	**-0.9**	**222.7**
Development margin		**-0.2**		**-7.8**			**-1.1**	**-9.1**
EPRA Earnings	**71.6**	**39.3**	**10.7**	**49.1**	**8.7**	**36.1**	**-2.0**	**213.6**

(1) Including non-strategic retail in the subsidiary scope.

1.3.3.17 EPRA Earnings of affiliates

(In € million, Group Share)	France Offices	Hotels (in lease)	H1 2022
Net rental income	5.7	3.1	8.8
Net operating costs	-0.2	-0.3	-0.5
Amortisation of operating properties	0.0	0.0	0.0
Cost of net financial debt	-0.6	-0.5	-1.1
Corporate income tax		0.0	-0.0
SHARE IN EPRA EARNINGS OF AFFILIATES	**4.9**	**2.3**	**7.2**

1.3.4 Simplified consolidated income statement (at 100%)

(In € million, 100%)	H1 2021	H1 2022	var.	%
Net rental income	383.8	415.0	+31.2	+8.1%
EBITDA from Hotel Operating activity & flex-office	0.4	24.8	+24.4	+6100.0%
Income from other activities (incl. Property development)	15.2	12.7	-2.5	-16.4%
NET REVENUE	**399.4**	**452.5**	**+53.1**	**+13.3%**
Net operating costs	-54.2	-54.2		+0.0%
Amortisation of operating assets	-38.6	-30.1	+8.5	-22.0%
Net change in provisions and other	9.2	7.9	-1.3	-14.1%
CURRENT OPERATING INCOME	**315.8**	**376.1**	**+60.3**	**+19.1%**
Net income from inventory properties	0.1	-1.5	-1.6	n.s.
Income from asset disposals	8.6	0.6	-8.0	-93.0%
Income from value adjustments	421.5	646.6	+225.1	+53.4%
Income from disposal of securities	2.8	24.5	+21.7	+775.0%
Income from changes in scope	-0.9	-0.5	+0.4	-44.4%
OPERATING INCOME	**747.9**	**1,045.8**	**+297.9**	**+39.8%**
Cost of net financial debt	-76.1	-70.5	+5.6	-7.4%
Interest charge related to finance lease liability	-7.2	-7.7	-0.5	+6.3%
Value adjustment on derivatives	76.7	399.7	+323.0	+421.1%
Discounting of liabilities and receivables	-0.8	-1.2	-0.4	+43.8%
Early amortisation of borrowings' costs	-2.1	1.1	+3.2	-152.4%
Share in earnings of affiliates	11.1	31.2	+20.1	+181.1%
INCOME BEFORE TAX	**749.5**	**1,398.5**	**+649.0**	**+86.6%**
Deferred tax	-110.6	-134.3	-23.7	+21.4%
Corporate income tax	-8.8	-7.9	+0.9	-10.2%
NET INCOME FOR THE PERIOD	**630.1**	**1,256.4**	**+626.3**	**+99.4%**
Non-controlling interests	-163.2	-460.7	-297.5	+182.3%
NET INCOME FOR THE PERIOD – GROUP SHARE	**466.9**	**795.7**	**+328.8**	**+70.4%**

The +€328.8 million (+€70.4%) increase in net income for the period is related to the increase in value of the properties of +€421.5 million last year *vs* +€646.6 million this year (gain €225.1 million), and the positive impact of derivatives' value of +€76.7 million last year *vs* +€399.7 million this year (gain €323.0 million).

Net revenue increased by c.€7.7 million, mainly due to the recovery of activity in the hotel sector and rental growth in German Residential.

(In € million, 100%)	H1 2021	H1 2022	var.	%
France Offices	100.9	89.0	-11.9	-11.8%
Italy Offices (incl. Retail)	68.7	61.2	-7.5	-10.9%
German Residential	122.8	126.6	+3.8	+3.1%
German Offices	16.5	17.9	+1.4	+8.5%
Hotels in Europe (incl. Retail)	75.0	120.3	+45.3	+60.4%
Other (mainly France Residential)	-0.1	0.0	+0.1	n.s.
TOTAL NET RENTAL INCOME	**383.8**	**415.0**	**+31.2**	**+8.1%**
EBITDA from the Hotel Operating activity & flex-office	0.4	24.7	+24.3	n.s.
Income from other activities	15.2	12.7	-2.5	-16.4%
NET REVENUE	**399.4**	**452.4**	**+53.0**	**+13.3%**

1.3.5 Simplified consolidated balance sheet (Group Share)

Assets (in € million, Group Share)	2021	H1 2022	Liabilities	2021	H1 2022
Investment properties	14,640	14,786			
Investment properties under development	1,341	1,569			
Other fixed assets	852	917			
Equity affiliates	230	231			
Financial assets	304	290			
Deferred tax assets	94	82			
Financial instruments	45	364	**Shareholders' equity**	**9,194**	**9,606**
Assets held for sale	505	187	Borrowings	8,728	8,775
Cash	929	932	Financial instruments	142	163
Inventory (Trading & Construction activities)	153	139	Deferred tax liabilities	769	849
Other	668	713	Other liabilities	927	814
TOTAL	**19,760**	**20,207**	**TOTAL**	**19,760**	**20,207**

1.3.5.1 Investment properties, Properties under development and Other fixed assets

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

(In € million, Group Share)	2021	H1 2022	var.
France Offices	5,496	5,315	-182
Italy Offices (incl. Retail)	2,653	2,611	-42
German Offices	1,349	1,359	10
German Residential	5,202	5,526	324
Hotels in Europe (incl. Retail)	2,600	2,646	46
Car parks (and other)	37	0	-37
TOTAL FIXED ASSETS	**17,337**	**17,457**	**119**

The decrease in **France Offices** (-€182 million) was mainly due to the disposals (-€327 million) and the depreciation tied to own-occupied buildings (-€5 million), partly offset by +€125 million of Acquisition and Capex and the change in fair value (+€38 million).

In Italy Offices, the change (-€42 million) was mainly due to disposals for the year (-€80 million), offset by the increase in fair value (+€18 million) due to the positive performance on assets in Milan CBD and the Capex & acquisition of the year (+€21 million).

The increase in **German Residential** (+€324 million) was mainly due to the growth in fair value (+€280 million), Capex and acquisitions (+€79 million), offset by disposals for the year (-€34 million).

German Offices (+€10 million) was mainly due to the Capex (+€7 million).

The increase in the **Hotels in Europe portfolio** (+€46 million) was mainly driven by the disposals (-€29 million) and the change in fair value (+€71 million), offset by foreign currency exchange losses (-€12 million) and Acquisition and Capex (+€20 million).

1.3.5.2 Assets held for sale (included in the total fixed assets above), €186.5 million at the end of June 2022

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

- 47.2% of offices in Italy
- 25.8% of hotels in Europe
- 18.3% of offices in France
- 8.7% of residential in Germany.

1.3.5.3 Total Group shareholders' equity

Shareholders' equity increased from €9,194 million at the end of 2021 to €9,606 million at 30 June 2022, *i.e.* +€412 million, mainly due to:

- income for the period: +€799.7 million
- the dividend distribution: -€353.3 million
- purchase of own shares: -€38.6 million
- change in Other Comprehensive Income +€7.7 million.

1.3.5.4 Deferred tax liabilities

Net deferred taxes represent €767 million in liabilities *versus* €675.8 million on 31 December 2021. This €91.2 million increase is mainly due to the growth of appraisal values in Germany (+€81.1 million).

1.3.6 Simplified consolidated balance sheet (at 100%)

Assets (in € million, 100%)	2021	H1 2022	Liabilities	2021	H1 2022
Investment properties	21,450	21,815			
Investment properties under development	1,707	1,983			
Other fixed assets	1,525	1,589			
Equity affiliates	340	346			
Financial assets	138	123	Shareholders' equity	9,194	9,606
Deferred tax assets	106	96	Non-controlling interests	4,430	4,607
Financial instruments	64	521	**Shareholders' equity**	**13,623**	**14,213**
Assets held for sale	902	229	Borrowings	11,834	11,814
Cash	1,063	1,036	Financial instruments	201	205
Inventory (Trading & Construction activity)	212	183	Deferred tax liabilities	1,222	1,345
Other	730	845	Other liabilities	1,357	1,189
TOTAL	**28,237**	**28,766**	**TOTAL**	**28,237**	**28,766**

1.4 Financial resources

Summary of the financial activity

Covivio is rated BBB+ with a stable outlook by S&P, confirmed on 27 April 2022.

At June 2022, Covivio's Loan-to-Value (LTV) ratio is down by -170 bps YoY at 39.5% (LTV policy < 40%) thanks to active portfolio rotation and strong value growth in German Residential. Average cost of debt continues to decrease, at 1.14% (-6 bps *vs* end-2021), and maturity of debt is at 5.1 years.

The liquidity position is also strong, with €2.1 billion available at end-June 2022 on Covivio SA, including €1.3 billion of undrawn credit lines and €0.8 billion of cash.

1.4.1 Main debt characteristics

Group Share	31/12/2021	30/06/2022
Net debt, Group Share (in €M)	7,799	7,843
Average annual rate of debt	1.20%	1.14%
Average maturity of debt (in years)	5.4	5.1
Debt active hedging average rate	78%	79%
Average maturity of hedging	6.8	6.6
LTV including duties	39.1%	39.5%
ICR	6.7	7.3

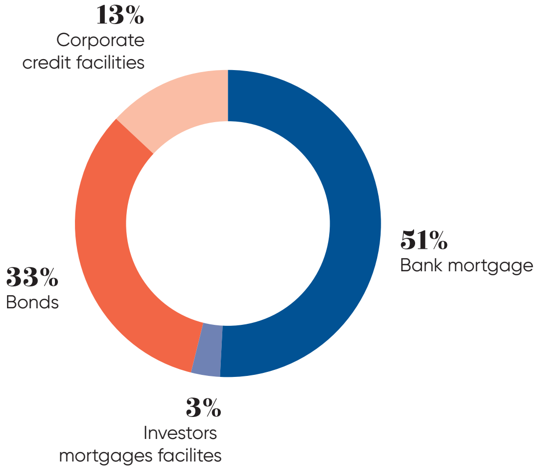
1.4.2 Debt by type

Covivio's net debt stands at €7.8 billion in Group Share at end-June 2022 (€10.8 billion on a consolidated basis), flat compared to end-2021.

As regards the commitments attributable to the Group, the share of corporate debts (bonds and loans) grows up to 54% at end-June 2022. Additionally, Covivio had €1.6 billion in commercial paper outstanding at 30 June 2022.

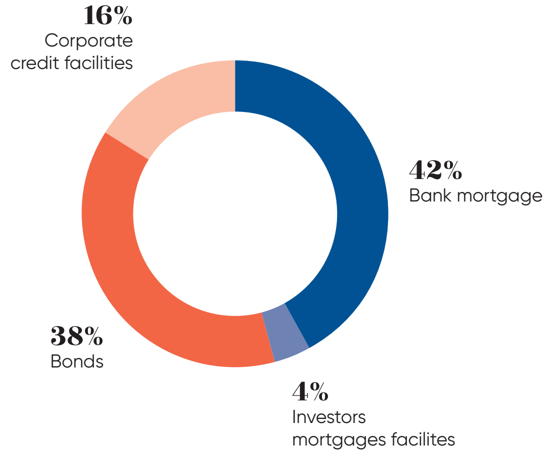
Consolidated commitments

by type



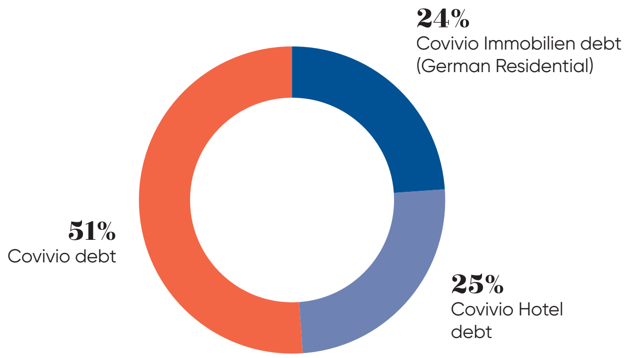
Group share commitments

by type



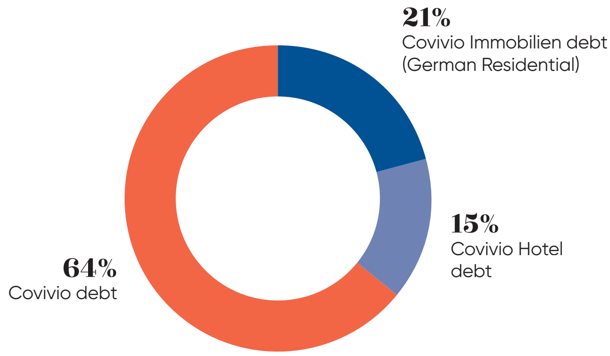
Consolidated commitments

by company



Group Share commitments

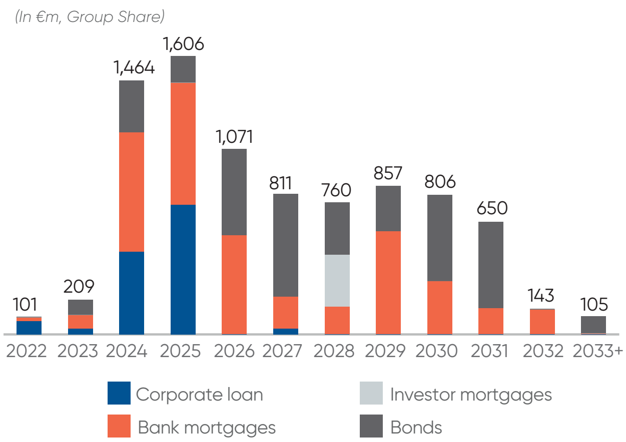
by company



1.4.3 Debt maturity

The average maturity of Covivio's debt stands at 5.1 years at end-June 2022 (excluding commercial paper). Until 2024, there is no major maturity that has not already been covered or is already under renegotiation.

The next large maturities occur in 2024 and are mainly composed of a bond of €300 million and a mortgage debt of €207 million Group Share linked to the Telecom Italia portfolio.

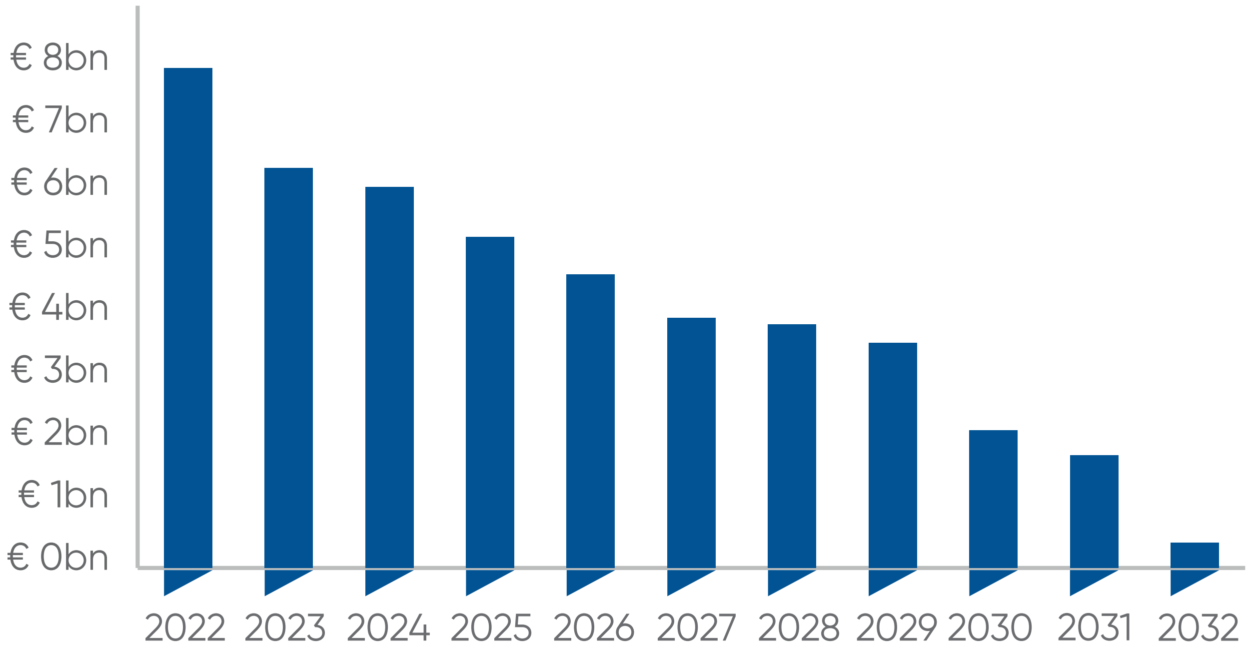


1.4.4 Hedging profile

At end-June 2022, the hedging management policy remained unchanged, with debt hedged at 85% 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.

At 30 June 2022, the average term of the hedges is 6.6 years Group Share and on average over H1, total hedging reached 86%, in line with our policy.

Hedging maturities ***(in €bn, Group Share)***



1.4.5 Average interest rate on debt and sensitivity

The average interest rate on Covivio's debt decreased again by 6 bps to 1.14% in Group Share.

1.4.5.1 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 Covivio Hotels and the other subsidiaries of Covivio (if their debt includes them).

- The most restrictive consolidated LTV covenants amounted, at 30 June 2022, to 60% for Covivio and Covivio Hotels.
- The most restrictive ICR consolidated covenants applicable to the REITs, at 30 June 2022, are of 200% for Covivio and Covivio Hotels.

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

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

Ratio	Covenant	31/12/2021	30/06/2022
LTV	60.0%	42.2% (1)	42.2% (1)
ICR	200%	672%	734%
Secured debt ratio	25.0%	4,8%	4.7%

(1) Excluding duties and sales agreements.

All covenants were fully complied with at year end 2021. No loan has an accelerated payment clause contingent on Covivio's rating, which is currently BBB+, Stable outlook (S&P rating) confirmed on 27 April 2022.

Detail of Loan-to-Value calculation (LTV)

(In € million, Group Share)	31/12/2021	30/06/2022
Net book debt	7,799	7,843
Receivables linked to associates (full consolidated)	-226	-209
Receivables on disposals	-110	-93
Preliminary sale agreements	-377	-186
Purchase debt	72	69
NET DEBT	**7,158**	**7,423**
Appraised value of real estate assets (Including Duties)	18,414	18,627
Preliminary sale agreements	-471	-186
Financial assets	18	22
Receivables linked to associates (equity method)	105	88
Share of equity affiliates	230	231
Value of assets	**18,297**	**18,781**
LTV EXCLUDING DUTIES	**41.2%**	**41.6%**
LTV INCLUDING DUTIES	**39.1%**	**39.5%**

1.4.6 Reconciliation with consolidated accounts

1.4.6.1 Net debt

(In € million)	Consolidated accounts	Minority interests	Group Share
Bank debt	11,814	-3,039	8,775
Cash and cash equivalents	1,036	-104	932
NET DEBT	**10,778**	**-2,935**	**7,843**

1.4.6.2 Portfolio

(In € million)	Consolidated accounts	Portfolio of companies under the equity method	Fair value of operating properties	Right of use of investment properties	Minority interests	Group Share
Investment & development properties	23,799	1,077	1,783	-261	-8,776	17,622
Assets held for sale	229	-	-	-	-42	186
TOTAL PORTFOLIO	**24,027**	**1,077**	**1,783**	**-261**	**-8,818**	**17,808**

Duties	947
Portfolio Group Share including duties	18,755
(-) portfolio of companies consolidated under the equity method	-348
(+) Fair value of trading activities	139
(+) Other operating properties	81
PORTFOLIO FOR LTV CALCULATION	**18,627**

1.4.6.3 Interest Coverage Ratio

(In € million)	Consolidated accounts	Minority interests	Group Share
EBITDA (net rents (-) operating expenses (+) results of other activities)	400.8	-129.1	271.7
Cost of debt	63.2	-26.2	37.0
ICR			**7.34**

1.5 EPRA reporting

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

1.5.1 Change in net rental income (Group Share)

(In € million)	H1 2021	Acquis.	Disposals	Developments (deliveries & vacating for redevelopment)	Indexation, asset management & occupancy	Others	H1 2022
France Offices	87	0	-4	-7	2	-3	75
Italy Offices (incl. retail)	51	0	-7	1	2	0	46
German Offices	15	0	0	0	1	1	17
German Residential	79	3	-1	0	0	1	82
Hotels in Europe (incl. Retail & excl. EBITDA from operating properties)	29	0	-1	0	24	-2	50
TOTAL	**262**	**3**	**-13**	**-7**	**28**	**-3**	**270**

The revenues LFL growth (including EBITDA from Hotels) is +13% in H1 2022 (cf. page 14).

Reconciliation with financial data

(In € million)	H1 2022
Total from the table of changes in Net rental Income (GS)	270
Adjustments	-
TOTAL NET RENTAL INCOME GS (FINANCIAL DATA § 3.3)	**270**
Minority interests	145
TOTAL NET RENTAL INCOME 100% (FINANCIAL DATA § 3.4)	**415**

1.5.2 Investment assets – Information on leases

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

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

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

(In € million, Group Share)	Gross rental income (in €M)	Net rental income (in €M)	Annualized rents (in €M)	Surface (in m²)	Average rent (in €/m²)	Vacancy rate (excl. Secured lease) (in %)	ERV of spot vacant space (in €M)[1]	ERV of the whole portfolio (In €M)[1]	EPRA vacancy rate (in %)
France Offices	86	75	193	1,369,610	169	5.8%	17	211	8.3%
Italy Offices (incl. retail)	55	46	117	1,002,288	145	1.9%	3	121	2.8%
German Offices	20	17	47	369,638	142	15.1%	8	51	14.9%
German Residential	90	82	179	2,836,137	98	1.0%	2	181	1.0%
Hotels in Europe (incl. Retail & excl. EBITDA from operating properties)	46	50	106	n.c	n.c	-	0	106	-
TOTAL[2]	**298**	**270**	**641**	**5,577,673**	**127**	**3.5%**	**30**	**669**	**4.5%**

(1) Excluding Herzoterrassen, under development.
(2) Including French residential and others.

The spread between the vacancy rate excluding the secured lease (3.5%) and the EPRA vacancy rate (4.5%) is due to the secured vacant area which are included in the EPRA vacancy as vacant even if already let.

Regarding the German Residential the €179 million of ERV doesn't include the potential reversion in all our markets Berlin (20-25%), Hamburg (20-25%), Dresden and Leipzig (10-15%) and in North Rhine-Westphalia (15-20%).

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

1.5.3 Investment assets – Asset values

(In € million, Group Share)	Market value	Change in fair value over the year	Duties	EPRA NIY
France Offices	5,681	38	273	3.6%
Italy Offices (incl. Retail)	2,613	14	89	3.7%
German Residential	5,382	280	375	2.9%
German Offices	1,464	-11	89	2.5%
Hotels in Europe (incl. Retail)	2,665	59	121	4.9%
Other (France Resi. and car parks)	3			n.a.
TOTAL H1 2022	**17,808**	**380**	**947**	**3.5%**

The EPRA net initial yield is the ratio of:

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

Reconciliation with financial data

(In € million)	H1 2022
Total portfolio value (Group Share, market value)	**17,808**
Fair value of the operating properties	-1,038
Fair value of companies under equity method	-348
Other assets held for sale	0
Right of use on investment assets	121
Fair value of car parks facilities	-3
Tangible fixed assets	
INVESTMENT ASSETS GROUP SHARE* (FINANCIAL DATA § 3.5)	**16,540**
Minority interests	7,486
INVESTMENT ASSETS 100%[1] (FINANCIAL DATA § 3.5)	**24,026**

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

Reconciliation with IFRS

(In € million)	H1 2022
Change in fair value over the year (Group Share)	380
Others	-
INCOME FROM FAIR VALUE ADJUSTMENTS GROUP SHARE (FINANCIAL DATA § 3.3)	**380**
Minority interests	266
INCOME FROM FAIR VALUE ADJUSTMENTS 100% (FINANCIAL DATA § 3.4)	**647**

1.5.4 Assets under development

	Ownership type	% ownership (Group Share)	Fair value H1 2022	Capitalised financial expenses over the year	Total cost incl. financial cost[1] (in €M, Group Share)	% progress	Delivery date	Surface at 100% (in m²)	Pre-letting	Yield (in %)
Paris So Pop (50% share)	FC	50%		1.5	114	80%	2022	31,300 m²	33%	5.5%
Paris Streambuilding (50% share)	FC	50%		0.8	84	86%	2022	15,600 m²	94%	4.2%
DS Extension 2 (50% share)	FC	50%		0.2	71	45%	2023	27,500 m²	100%	7.2%
Levallois Maslo	FC	100%		1.5	208	68%	2023	19,800 m²	10%	4.5%
Paris Jean Goujon	FC	100%		2.3	196	70%	2022	8,600 m²	58%	4.0%
Paris Anjou	FC	100%		0.8	228	6%	2025	9,300 m²	100%	3.5%
Total France Offices			**954**	**7.3**	**901**	**54%**		**112,100 m²**	**61%**	**4.5%**
Symbiosis G+H	FC	100%		0.6	159	4%	2024	38,000 m²	100%	6.5%
Corso Italia	FC	100%		0.8	117	37%	2023	11,600 m²	100%	6.3%
The Sign D	FC	100%		0.2	64	10%	2024	13,200 m²	92%	6.5%
Rozzano, Strada 8	FC	100%		0.2	41	2%	2024	25,700 m²	28%	8.4%
Total Italy Offices			**173**	**1.8**	**381**	**54%**		**88,500 m²**	**91%**	**7.4%**
Berlin Alexanderplatz	FC	55%		2.4	339	34%	2026	60,000 m²	0%	4.5%
Total German Offices			**189**	**2.4**	**339**	**34%**		**60,000 m²**	**0%**	**4.5%**
TOTAL			**1,315**	**11.5**	**1,621**	**50%**		**260,600 M²**	**55%**	**5.2%**

(1) Total cost including land and financial cost.
(2) FC: Full consolidation.

The total cost of committed projects is therefore € 2,452 million (*cf.* 1.G. Development projects).

Reconciliation with total commited pipeline

(In € million, Group Share)	Capitalised financial expenses over the year	Total cost incl. financial cost (Group Share)
Projects fully consolidated	11.5	1,621
Projects on own-occupied buildings (Paris Madrid Saint Lazare)	0.4	101
Others (Bordeaux Jardin de l'Ars, Le Floria, Meudon Thalès 2, Vitae, Loft, Herzogterrassen)	0	731
TOTAL OFFICES COMMITTED PIPELINE	**11.8**	**2,452**
German Residential		176
French Residential		255
TOTAL COMMITTED PIPELINE	**11.8**	**2,882**

Reconciliation with financial data

(In € million)	June 2022
Total fair value of assets under development	1,315
Project under technical review and non-committed projects	253
ASSETS UNDER DEVELOPMENT (FINANCIAL DATA § 3.5)	**1,569**

1.5.5 Information on leases

	Firm residual lease term (years)	Residual lease term (years)	Lease expiration by date of 1st exit option Annualized rental income of leases expiring				Total (in €M)	Section
			N+1	N+2	N+3 to 5	Beyond		
France Offices	4.8	6.0	7%	21%	29%	43%	193	2.B.6
Italy Offices (incl. retail)	7.2	7.7	6%	5%	13%	75%	117	2.C.6
Germany Offices	4.3	5.0	10%	10%	45%	35%	47	2.D.6
Hotels in Europe (incl. retail)	12.9	14.2	0%	8%	3%	89%	106	2.F.5
Others (German Residential, Hotels EBITDA, others)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	211	
TOTAL(1)	**7.2**	**8.2**	**4%**	**9%**	**14%**	**73%**	**673**	

(1) Percentage of lease expiries on total revenues.

In 2022, 3.0% of the lease expiries are managed as 0.9% have no intention to vacate the property and 1.7% are going to be redeveloped and 0.4% will be sold. The other part, 0.7%, has to be managed.

1.5.6 EPRA Net Initial Yield

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

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

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

- EPRA net initial yield is the ratio of:

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

(In € million, Group Share) excluding french residential and car parks	Total 2021	France Offices	Italy Offices (incl. Retail)	German Offices	German Residential	Hotels in Europe (incl. Retail)[1]	Total H1 2022
Investment, disposable and operating properties	17,703	5,681	2,613	1,464	5,382	2,665	17,808
Restatement of assets under development	-1,340	-1,170	-221	-132	-20	-26	-1,569
Restatement of undeveloped land and other assets under development	-260	-243	-91	-271	-	-20	-625
Duties	921	273	89	89	375	121	947
Value of assets including duties (1)	**17,025**	**4,542**	**2,390**	**1,150**	**5,737**	**2,740**	**16,562**
Gross annualized IFRS revenues	656	180	107	35	179	136	637
Irrecoverable property charge	-70	-17	-17	-6	-15	-2	-58
Annualized net revenues (2)	**586**	**163**	**89**	**29**	**164**	**134**	**579**
Rent charges upon expiration of rent free periods or other reductions in rental rates	45	13	10	5	-	1	30
Annualized topped-up net revenues (3)	**631**	**176**	**100**	**34**	**164**	**135**	**608**
EPRA NET INITIAL YIELD (2)/(1)	**3.4%**	**3.6%**	**3.7%**	**2.5%**	**2.9%**	**4.9%**	**3.5%**
EPRA "TOPPED-UP" NET INITIAL YIELD (3)/(1)	**3.7%**	**3.9%**	**4.2%**	**2.9%**	**2.9%**	**4.9%**	**3.7%**
Transition from EPRA topped-up NIY to Covivio yield							
Impact of adjustments of EPRA rents	0.4%	0.4%	0.8%	0.6%	0.3%	0.1%	0.4%
Impact of restatement of duties	0.2%	0.3%	0.2%	0.3%	0.2%	0.2%	0.2%
COVIVIO REPORTED YIELD RATE[2]	**4.4%**	**4.5%**	**5.1%**	**3.8%**	**3.3%**	**5.2%**	**4.3%**

(1) On Hotels the annualized revenues includes the 2022 fixed rents and the 2019 variable rents.
(2) Excludes asset in development.

1.5.7 EPRA cost ratio

(In € million, Group Share)	H1 2021	H1 2022
Cost of other activities and fair value	-16.3	-18.5
Expenses on properties	-10.6	-10.1
Net losses on unrecoverable receivables	-0.6	4.0
Other expenses	-2.2	-1.7
Overhead	-45.0	-47.4
Amortisation, impairment and net provisions	3.6	2.3
Income covering overheads	8.7	13.6
Cost of other activities and fair value	-1.7	-1.5
Property expenses	0.5	0.3
EPRA costs (including vacancy costs) (A)	**-63.6**	**-59.1**
Vacancy cost	8.2	10.8
EPRA costs (excluding vacancy costs) (B)	**-55.4**	**-48.3**
Gross rental income less property expenses	292.3	297.4
EBITDA from Hotel Operating properties & coworking, income from other activities and fair value	37.1	37.7
Gross rental income (C)	**329.4**	**335.0**
EPRA COSTS RATIO (INCLUDING VACANCY COSTS) (A/C)	**19.3%**	**17.6%**
EPRA COSTS RATIO (EXCLUDING VACANCY COSTS) (B/C)	**16.8%**	**14.4%**

The EPRA cost ratio is decreasing mainly due to the decrease of unpaid rents.

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

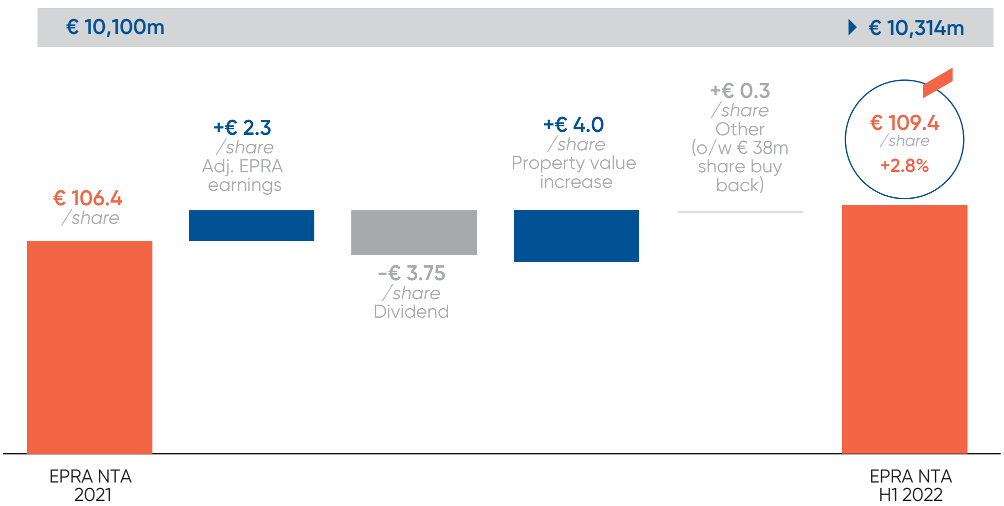
1.5.8 Ajusted EPRA Earnings: increase of +8% to €223 million

(In € million)	H1 2021	H1 2022
Net income Group Share (Financial data § 3.3)	**466.9**	**795.7**
Change in asset values	-296.3	-380.4
Income from disposal	-7.6	-22.3
Acquisition costs for shares of consolidated companies	0.8	0.4
Changes in the value of financial instruments	-46.3	-261.1
Interest charges related to finance lease liabilities (leasehold > 100 years)	2.0	2.2
Rental costs (leasehold > 100 years)	-1.4	-1.6
Deferred tax liabilities	67.7	91.1
Taxes on disposals	1.3	-0.5
Adjustment to amortisation	16.8	10.5
Neutralization Result of change Hungary		0.4
Adjustments from early repayments of financial instruments	1.9	1.0
Adjustment IFRIC 21	3.9	3.6
EPRA Earnings adjustments for associates	-2.9	-16.3
Ajusted EPRA Earnings (B)	**206.9**	**222.7**
ADJUSTED EPRA EARNINGS IN €/SHARE (B)/(C)	**2.19**	**2.37**
Promotion margin	-11.2	-9.1
EPRA Earnings (A)	**195.7**	**213.6**
EPRA EARNINGS IN €/SHARE (A)/(C)	**2.08**	**2.27**
Average number of shares (C)	94,318,440	94,154,158

1.5.9 EPRA NRV, EPRA NTA and EPRA NDV

	2021	H1 2022	Var.	Var. (in %)
EPRA NRV (in €M)	11,091	11,332	241	+2.2%
EPRA NRV/share (in €)	116.9	120.2	3.3	+2.8%
EPRA NTA (in €M)	10,100	10,314	214	+2.1%
EPRA NTA/share (in €)	106.4	109.4	3.0	+2.8%
EPRA NDV (in €M)	9,279	10,124	845	+9.1%
EPRA NDV/share (in €)	97.8	107.4	9.6	+9.8%
Number of shares	94,882,277	94,297,856	-584,421	-0.6%

Evolution of EPRA NTA



1.5.9.1 Reconciliation between shareholder's equity and EPRA NAV

	2021 (in €M)	€ per share	H1 2022 (in €M)	€ per share
SHAREHOLDERS' EQUITY	**9,194**	**96.9**	**9,606**	**101.9**
Fair value assessment of operating properties	175		197	
Duties	921		947	
Financial instruments and ORNANE	99		-211	
Deferred tax liabilities	702		793	
EPRA NRV	**11,091**	**116.9**	**11,332**	**120.2**
Restatement of value excluding duties on some assets	-886		-913	
Goodwill and intangible assets	-78		-65	
Deferred tax liabilities	-27		-40	
EPRA NTA	**10,100**	**106.4**	**10,314**	**109.4**
Optimization of duties	-35		-34	
Intangible assets	28		15	
Fixed-rate debts	-40		371	
Financial instruments and ORNANE	-99		211	
Deferred tax liabilities	-675		-753	
EPRA NDV	**9,279**	**97.8**	**10,124**	**107.4**

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 30 June 2022 by independent real estate experts such as Cushman, REAG, CBRE, HVS, JLL, BNPP Real Estate, MKG and CFE. This did not include:

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

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

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

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

For companies co-owned with other investors, only the Group Share was considered.

1.5.9.2 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 €138.4 million value adjustment was recognised in EPRA NRV.

1.5.9.3 Fair value adjustment for the car parks

Car parks are valued at historical cost in the consolidated financial statements. NAV is restated to consider the appraisal value of these assets net of tax. The impact on EPRA NRV was €2.2 million on 30 June 2022.

1.5.9.4 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 NRV was adjusted for the difference resulting from the fair value appraisal of the assets for €56.5 million. The market value of these assets is determined by independent experts.

1.5.9.5 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 NDV was adjusted for the fair value of fixed-rate debt. The impact was +€370 million at 30 June 2022.

1.5.9.6 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 €33.9 million at 30 June 2022.

1.5.9.7 Deferred tax liabilities

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

For this purpose, the Group uses the following method:

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

1.5.10 Capex by type

	2021		H1 2022	
(In € million)	100%	Group Share	100%	Group Share
Acquisitions[1]	7	4	42	25
Renovation on portfolio excl. Developments[2]	206	136	105	69
Developments[3]	359	249	119,9	80
Capitalized expenses on development portfolio[4] (except under equity method)	67	59	16,8	13
TOTAL	**639**	**448**	**284**	**186**

(1) Acquisitions including duties.
(2) Renovation on portfolio excluding developments, mainly German Residential (€45 million in 100%, €29 million in Group Share).
(3) Total acquisition and renovation expenses (excluding under equity method) on development projects, mainly France Offices (€73 million in 100%, €50 million in Group Share).
(4) Financial expenses capitalized, commercialization fees and other capitalized expenses.

The €69 million GS of renovation Capex on operating portfolio is mainly composed of:

- c. €41 million of refurbishment work to improve the quality and value of strategic offices properties (*e.g.* Carre Suffren or CB 21) and hotels, creating additional service offer, green areas, etc.
- €12 million of modernization Capex on German Residential, generating revenues
- €16 million maintenance Capex on German Residential.

1.5.11 EPRA performance indicator reference table

EPRA information	Section	In %	Amount in €	Amount in €/share
EPRA Earnings	5.8	-	€214 M	€2.27/share
Ajusted EPRA Earnings			€223 M	€2.37/share
EPRA NRV	5.9	-	€11,332 M	€120.2/share
EPRA NTA	5.9	-	€10,314 M	€109.4/share
EPRA NDV	5.9	-	€10,124 M	€107.4/share
EPRA net initial yield	5.5	3.5%	-	-
EPRA topped-up net initial yield	5.5	3.7%	-	-
EPRA vacancy rate at year-end	5.2	4.5%	-	-
EPRA costs ratio (including vacancy costs)	5.6	17.6%	-	-
EPRA costs ratio (excluding vacancy costs)	5.6	14.4%	-	-
EPRA indicators of main subsidiaries	5.2, 5.3 & 5.6	-	-	-

1.6 Financial indicators of the main activities

	Covivio Hotels			Covivio Immobilien		
	2021	H1 2022	Change (in %)	2021	H1 2022	Change (in %)
EPRA Earnings (full year – in €M)	99.0	102.5	n.a.	162.5	82.9	n.a.
EPRA NRV	3,868	4,024	+4.0%	5,470	5,872	+7.4%
EPRA NTA	3,498	3,644	+4.2%	4,953	5,323	+7.5%
EPRA NDV	3,167	3,552	+12.1%	4,134	4,604	+11.4%
% of capital held by Covivio	43.8%	43.9%	+0.1 pt	61.7%	61.7%	-
LTV including duties	37.1%	36.8%	-0.3pt	32.0%	30.4%	-1.6 pts
ICR	3.1	5.8	+2.7 pts	6.8	6.2	-0.6 pt

2

Risks

2.1 Risks and uncertainties

As part of its risk management, Covivio conducts an annual detailed review of the risks to which the company is exposed. Its results and th eaction plan defined to improve their control are shared in the Audit Committee and the Board of Directors. Covivio invites its readers to refer to Chapter 2 of its 2021 Universal Registration Document (URD) in which the main risks and control systems implemented by are presented.

The rating of risks results from a combined analysis of their potential negative impact (on the Group's valuation, its results, its image and/or on the continuity of its business) and their probability of occurrence. Once quantified, the gross impact and probability are corrected by the control systems in place to determine the net risk.

Following the review of risks carried out in mid-2022, the following are those whose level could change in the second half of the year, *via* an increase in their net impact and/or their net probability. The systems for managing these risks (unchanged) are described in the 2021 URD available on the Covivio website. To date, the other risks are unchanged.

2.1.1 Risks linked to the environment in which Covivio operates

Unfavourable development of the real estate market: decline or stagnation in values

Values

Covivio's total assets at the end of June 2022 (€28.7 billion in consolidated data) mainly consisted of the appraisal value of the buildings, which amounted to €25.5 billion (*i.e.* nearly 90%). Covivio recognises its investment properties at fair value in accordance with the option offered by IAS 40. Thus, any change in the value of buildings has a direct impact on the balance sheet total.

The value of Covivio's asset portfolio is contingent upon the performance of the real estate markets in which the company operates. Both rents and market prices (and consequently the capitalisation rates used by property experts) may be subject to fluctuations due to the economic and financial environment.

Thus, a decrease in appraisal values is likely to affect the value of Covivio's net asset value and, possibly, the valuation of its share price.

In the first half of 2022, the value of the portfolio increased on a like-for-like scope by 2.6%. New disposals and agreements[1] of the first half, €260 million in Group Share (416M€ at 100%) were carried out at values in line with the appraisal values (margin of +0,6%), and at higher levels for core asset disposals representing €240 million (margin of 4,2%).

In an economic context marked by a confirmed increase in interest rates and an uncertainty about the economic environment, the capitalization rates of assets could be revised upwards and thus automatically lead to a decline in the value of real estate assets (preceded by a wait-and-see period already observed during the first half of the year). This downside risk would probably not affect all asset classes in the same way. It should be put in perspective with the expected increases in revenues for the following asset classes:

- offices whose rent indexations are correlated with the level of inflation
- hotels including:
  - hotels held under fixed rents, which will benefit from indexation correlated to inflation
  - and also hotels held under variable rents and operating properties which are benefiting from a strong recovery, observed at the beginning of the year, which could continue in the second half of the year.

For information purposes, the table below shows the sensitivity of the valuation of assets to yield rates:

M€	Yield[(1)]	Yield -25 bps	Yield +25 bps	Yield -50 bps	Yield +50 bps	Yield -75 bps	Yield +75 bps
Offices in France	4.5%	259.1	-231.8	550.5	-440.4	880.8	-629.1
Offices in Italy	5.1%	143.9	-130.5	303.5	-249.3	481.3	-357.9
Hotels in Europe	5.2%	245.8	-223.3	517.8	-427.0	820.4	-613.6
Germany Residential	3.3%	690.5	-593.3	1,504.4	-1,108.5	2,477.8	-1,560.1
Offices in Germany	3.8%	91.2	-79.9	196.2	-150.6	318.4	-213.5
TOTAL	**4.30%**	**1,430.5**	**-1,258.7**	**3,072.4**	**-2,375.7**	**4,978.8**	**-3,374.2**

(1) Yield excluding assets under development

Unfavourable evolution of the cost of energy

Both the European sanctions on Russian oil and Russia's cuts in gas supplies to Europe have led to a very significant increase in energy costs. While the energy costs are generally passed on to tenants, Covivio remains vulnerable on its own-occupied assets, its operating hotels, its vacant assets and the share of expenses allocated to the common parts of its leased properties.

On its residential property in Germany, a persistent rise in these costs, could have a negative impact on the financial capacity of its tenants and increase unpaid rents.

(1) Including binding agreement received in July for Telecom Italia assets for €47 million Group Share (€ 91 million at 100%).

2.1.2 Risks related to Covivio's growth

Rising construction costs – Shortage of construction materials

Covivio's share of development activities has increased considerably in recent years. The total tertiary development pipeline at 30 June 2022 was €2.5 billion, up €0.6 billion since the end of 2021. As a result, Covivio is exposed to the risks related to the development of real estate assets.

The production stoppages by construction materials suppliers during the pandemic, combined with long steady demand driven by a stronger than expected economic recovery, particularly in the United States and Asia, contributed to the gap between the recovery in demand and the supply capacity. Since the beginning of 2021, companies have faced significant price increases and delays or even cancellations of orders from their suppliers. CAPEX on the committed development pipeline still to be disbursed amounts to €991 million. As a result, Covivio is exposed to the risk of increased construction costs.

The Russian-Ukrainian conflict, which has very significant repercussions on energy costs, significantly accentuates this inflationary trend on prices.

Thus, the ICC (Construction Cost Index) increased by 6,9% year-on-year between Q1 2021 and Q1 2022, showing the strong inflationary trend in this sector.

Given the components of the index, this increase should be confirmed in the second half of 2022.

Lastly, in addition to the increase in costs, construction times longer than those initially planned (construction delays resulting from a shortage of materials, etc.) could lead to delays in the collection of rents and, in some cases, the payment of penalties to the future buyer or to the future tenant in the context of development operations.

The systems for managing this risk are described in the 2021 URD (Section 2.1.2 – Risks related to Covivio's growth). Concerning the marketing risk of development projects, risk management improved significantly during the first half of the year with a strong increase in the pre-letting rate which stood at 61% at 30 June 2022 *vs* 47% at the end of 2021. Testifying to the attractive positioning of its assets focused on centrality, new offices and client culture.

2.1.3 Financial risks

Unfavourable interest rate trends (borrowing and exchange rates)

Borrowings

With an annual inflation rate in the euro zone estimated at 8.6% in June, resulting from the surge in energy and food prices, the ECB announced several successive increases in its key rates for the year 2022. Covivio could therefore incur an increase in its financial expenses on its share of unhedged debt and be more generally limited in its ability to implement its investment strategy in the short/medium term.

With an average rate of 1.14%, Covivio's debt stood at €7.8 billion Group Share at the end of June 2022. Its average coverage rate was 86%, with a hedging maturity of 6.6 years greater than the maturity of the debt of 5.1 years at 30 June 2022.

- An increase/decrease in the 3-month Euribor of 25 bps would have an impact of +€5/-€5 million on the amount of the Group's financial expenses.
- An increase/decrease in the 3-month Euribor of 50 bps would have an impact of +€9,6/ -€9,6 millionon the amount of the Group's financial expenses.
- An increase/decrease in the 3-month Euribor of 75 bps would have an impact of +€14,7/-14 million on the amount of the Group's financial expenses.
- An increase/decrease in the 3-month Euribor of 100 bps would have an impact of +€19,6/-17,5 million on the amount of the Group's financial expenses.

Non-compliance with banking covenants (LTV, ICR) related to decreases in value and/or rents

The risks related to changes in values and rents are detailed in the section dedicated to risk "Unfavourable development of the real estate market: decline or stagnation in values and rents" (see above).

In the event of non-compliance with a covenant, Covivio would theoretically have to repay all of its drawn debt. In practice, however, this risk appears unlikely, as banks generally prefer to renegotiate the existing financial conditions of the borrowers concerned, as was observed during the financial crisis of 2008.

Covivio's most restrictive LTV (Loan to Value) covenant stands at 60% for an effective ratio of 42.2% (bank LTV) at 30 June 2022.

The template below presents the bank LTV sensitivity to a decrease in value:

Decrease in value	-	-5%	-10%	-15%	-20%
Bank LTV[1]	42.2%	44.5%	46.9%	49.7%	52.8%

(1) Excluding duties and sales agreements.

Covivio's most restrictive ICR covenant amounted to X 2,00 for an effective ratio of X 7,34 at 30 June 2022.

2.1.4 Specific risks related to the hotel business

The specific risks related to Covivio's hotel business (operated *via* its 43.8%-owned subsidiary Covivio Hotels) are detailed in its half-year financial report published on its website.

3

Condensed consolidated financial statements at 30 June 2022

3.1 Condensed consolidated financial statements at 30 June 2022

3.1.1 Statement of financial position

Assets

(In € thousand)	Note 3.2.5	30/06/2022	31/12/2021
Intangible assets	**1.2**		
Goodwill		117,205	117,205
Other intangible fixed assets		15,059	14,705
Tangible assets	**1.2**		
Operating properties		1,382,752	1,326,616
Other tangible fixed assets		41,085	42,983
Fixed assets in progress		33,250	23,076
Investment properties	1.3	23,798,909	23,157,221
Non-current financial Assets	2.2	123,452	137,789
Investments in companies accounted for under the equity method	3.2	346,333	340,131
Deferred tax assets	4	95,669	106,404
Long-term derivative instruments	11.5	485,955	46,223
Total non-current assets		**26,439,669**	**25,312,354**
Assets held for sale	1.3	228,584	901,736
Loans and receivables	5	34,191	34,344
Inventories and work-in-progress	6.2	183,471	211,974
Short-term derivative instruments	11.5	33,919	18,256
Trade receivables	7	498,043	372,474
Tax receivables		30,503	32,328
Other receivables	8	270,796	287,346
Prepaid expenses		10,998	3,618
Cash and cash equivalents	9	1,035,660	1,062,993
Total current assets		**2,326,166**	**2,925,070**
TOTAL ASSETS		**28,765,836**	**28,237,423**

Liabilities

(In € thousand)	Note 3.2.5	30/06/2022	31/12/2021
Capital		284,175	283,946
Share premium account		4,053,212	4,119,793
Treasury shares		-50,949	-21,304
Consolidated reserves		4,523,780	3,887,779
Net income		795,673	923,596
Total shareholders' equity, Group Share	**10**	**9,605,891**	**9,193,810**
Non-controlling interests		4,607,407	4,428,828
Total shareholders' equity		**14,213,298**	**13,622,638**
Long-term borrowings	11.2	9,797,973	10,057,558
Long-term rental liabilities	11.6	291,849	295,564
Long-term derivative instruments	11.5	178,923	146,247
Deferred tax liabilities	4	1,344,582	1,221,636
Staff termination benefits	12.2	52,726	53,337
Other long-term liabilities		25,997	30,314
Total non-current liabilities		**11,692,051**	**11,804,656**
Liabilities held for sale		0	274,603
Trade payables		198,992	149,299
Trade payables on fixed assets		78,353	78,302
Short-term borrowings	11.2	2,015,951	1,775,597
Short-term rental liabilities	11.6	10,566	10,659
Short-term derivative instruments	11.5	26,000	54,526
Security deposits		7,249	3,917
Advances and pre-payments received		231,233	237,815
Short-term provisions	12.2	16,872	15,479
current taxes		34,166	33,416
Other short-term liabilities	13	167,428	119,254
Pre-booked income		73,677	57,263
Total current liabilities		**2,860,487**	**2,810,130**
TOTAL LIABILITIES		**28,765,836**	**28,237,423**

3.1.2 Statement of net income

(In € thousand)	Note 3.2	30/06/2022	30/06/2021
Rental income	6.2.1	444,328	423,184
Unrecovered property operating costs	6.2.2	-25,110	-22,891
Expenses on properties	6.2.2	-13,933	-14,451
Net losses on unrecoverable receivables	6.2.2	9,674	-2,079
Net rental income		**414,959**	**383,764**
EBITDA from Hotel Operating activity & Flex Office	**6.2.3**	**24,769**	**424**
Income from other activities	**6.2.3**	**12,667**	**15,214**
Management and administration income		7,199	5,863
Business expenses		-2,384	-2,806
Overheads		-59,058	-57,238
Net operating costs	**6.2.4**	**-54,243**	**-54,181**
Depreciation of operating assets	6.2.5	-30,090	-38,616
Net change in provision and other	6.2.5	7,901	9,193
OPERATING INCOME		**375,964**	**315,798**
Net income from inventory properties:		-1,462	54
Net income from asset disposals	6.3	610	8,642
Income from value adjustments	6.4	646,576	421,501
Income from disposal of securities	6.5	24,529	2,789
Income from changes in scope & other	6.6	-466	-877
OPERATING RESULT		**1,045,750**	**747,907**
Cost of net financial debt	6.7	-70,493	-76,091
Interest cost for rental liabilities	5.11.6	-7,573	-7,228
Value adjustment on derivatives:	6.8	399,650	76,701
Discounting and foreign exchange gains or losses	6.8	-1,094	-771
Exceptional amortisation of loan issue costs	6.8	1,102	-2,123
Share of income from companies accounted for under the equity method	5.3.2	31,193	11,103
PRE-TAX NET INCOME		**1,398,536**	**749,499**
Deferred tax	6.9.2	-134,229	-110,640
Corporate taxes	6.9.2	-7,948	-8,775
NET INCOME FOR THE PERIOD		**1,256,358**	**630,083**
Net income from non-controlling interests		-460,683	-163,224
NET INCOME FOR THE PERIOD – GROUP SHARE		**795,675**	**466,859**
Group net earnings per share (in €)	**7.2**	**8.45**	**4.95**
Group diluted net earnings per share (in €)	**7.2**	**8.40**	**4.93**

3.1.3 Statement of comprehensive income

(In € thousand)	30/06/2022	30/06/2021
NET INCOME FOR THE PERIOD	1,256,358	630,083
Currency translation differences	-8,445	10,619
Of which effective portion of gains or losses on hedging instruments	15,073	2,679
Other comprehensive income that can be reclassified to profit or loss	**6,628**	**13,298**
Actuarial differences on employee benefits	0	0
Change in value of operating assets	0	0
Other comprehensive income that cannot be reclassified to profit or loss	**0**	**0**
Other items of comprehensive income	**6,628**	**13,298**
COMPREHENSIVE INCOME FOR THE PERIOD	1,262,986	643,381
of which attributable to owners of the parent company	799,675	472,839
of which attributable to non-controlling interests	463,312	170,542

3.1.4 Statement of changes in shareholders' equity

(In € thousand)	Capital	Share premium	Treasury shares	Reserves and retained earnings	Gains and losses recognised directly in shareholders' equity	Total shareholders' equity, Group Share	Non-controlling interests	Total shareholders' equity
Position at 31 December 2020	**283,633**	**4,140,277**	**-19,651**	**4,189,841**	**-11,898**	**8,582,202**	**3,985,956**	**12,568,157**
Dividends distribution		-20,180		-319,392		-339,572	-82,029	-421,601
Capital increase	105	-105				0		0
Allocation to the legal reserve						0		0
Other borrowings			3,543	-1,597		1,946	47	1,993
Total comprehensive income for the period				**466,859**	**5,980**	**472,839**	**170,542**	**643,381**
Of which actuarial gains and losses on retirement benefits						0		0
Of which currency transaction gains and losses					4,614	4,614	6,005	10,619
Of which effective portion of gains or losses on hedging instruments					1,366	1,366	1,313	2,679
Of which change in the value of operating assets held in investments						0		0
Of which net income (loss)				466,859		466,859	163,224	630,083
Variation in scope and exchange rates				-6,485		-6,485	204,759	198,274
Shared-based payments				3,898		3,898		3,898
Position at 30 June 2021	**283,738**	**4,119,992**	**-16,108**	**4,333,124**	**-5,918**	**8,714,828**	**4,279,275**	**12,994,102**
Dividends distribution				2		2	-30,068	-30,066
Capital increase	208	-208				0		0
Allocation to the legal reserve						0		0
Other borrowings		9	-5,196	-4,704		-9,891	162	-9,729
Total comprehensive income for the period				**456,737**	**-1,603**	**455,134**	**204,234**	**659,368**
Of which actuarial gains and losses on retirement benefits					813	813	494	1,307
Of which currency transaction gains and losses					-4,552	-4,552	-5,518	-10,070
Of which effective portion of gains or losses on hedging instruments					2,136	2,136	2,051	4,187
Of which net income (loss)				456,737		456,737	207,207	663,944
Variation in scope and exchange rates				29,475		29,475	-24,775	4,700
Shared-based payments				4,262		4,262		4,262
Position at 31 December 2021	**283,946**	**4,119,793**	**-21,304**	**4,818,896**	**-7,521**	**9,193,810**	**4,428,828**	**13,622,638**
Dividends distribution		-66,352		-286,983		-353,335	-144,993	-498,328
Capital increase	229	-229				0	2,853	2,853
Allocation to the legal reserve						0		0
Other borrowings			-29,645	-8,704		-38,349	-87	-38,436
Total comprehensive income for the period				**795,673**	**4,000**	**799,673**	**463,311**	**1,262,984**
Of which actuarial gains and losses on retirement benefits						0		0
Of which currency transaction gains and losses					-3,687	-3,687	-4,758	-8,445
Of which effective portion of gains or losses on hedging instruments					7,687	7,687	7,386	15,073
Of which net income (loss)				795,673		795,673	460,683	1,256,356
Variation in scope and exchange rates				1,667		1,667	-142,505	-140,838
Shared-based payments				2,425		2,425		2,425
POSITION AT 30 JUNE 2022	**284,175**	**4,053,212**	**-50,949**	**5,322,974**	**-3,521**	**9,605,891**	**4,607,407**	**14,213,298**

3.1.5 Statement of cash flows

In € thousand	Note	30/06/2022	31/12/2021	30/06/2021
Net consolidated result (including minority interests)		**1,256,358**	**1,294,029**	**630,085**
Net depreciation and amortisation charges and provisions (excluding those related to current assets)	3.2.6.2.5	31,936	92,217	34,471
Unrealised gains and losses relating to changes in fair value	3.2.5.11.5 & 3.2.6.4	-1,046,225	-977,894	-498,201
Income and expenses calculated on stock options and related share-based payments		1,724	8,327	4,278
Other calculated income and expenses		-11,928	-1,402	1,648
Gains or losses on disposals		-25,048	-12,132	-10,560
Share of income from companies accounted for under the equity method		-31,193	-27,370	-11,103
Cash flow after tax and cost of net financial debt		**175,624**	**375,775**	**150,618**
Cost of net financial debt and interest charges on rental liabilities	3.2.6.7 & 3.2.6.8	73,001	168,833	76,916
Income tax expense (including deferred taxes)	3.2.6.9.2	142,178	169,018	119,415
Cash flow before tax and cost of net financial debt		**390,802**	**713,627**	**346,949**
Taxes paid		-4,880	-58,370	-3,473
Change in working capital requirements on continuing operations (including employee benefits liabilities)	3.2.5.7.2	-38,737	33,400	-14,365
Net cash flow from operating activities		**347,185**	**688,657**	**329,111**
Impact of changes in the scope	3.2.6.6	199,886	-73,990	-17,983
Disbursements related to acquisition of tangible and intangible fixed assets	3.2.5.1.2	-271,541	-697,511	-308,698
Proceeds relating to the disposal of tangible and intangible fixed assets	3.2.5.1.2	353,716	762,166	354,419
Disbursements relating to acquisition of financial assets (non-consolidated securities)		-4,136	-3,724	-1,700
Proceeds relating to the disposal of financial assets (non-consolidated securities)		150	2,650	2,643
Dividends received (companies accounted for under the equity method, non-consolidated securities)		7,560	33,316	8,238
Change in loans and advances granted		11,227	4,906	-4
Other cash flow from investment activities		-291	-151	-151
Net cash flow from investing activities		**296,570**	**27,662**	**36,764**
Impact of changes in the scope		-1,042	-4,638	-365
Amounts received from shareholders in connection with capital increases:				
Paid by parent company shareholders		0	208,889	0
Paid by minority shareholders of consolidated companies	3.1.4	2,853	0	199,868
Purchases and sales of treasury shares	3.1.4	-38,549	-8,523	1,992
Dividends paid during the reporting period:				
Dividends paid to parent company shareholders	3.1.4	-353,335	-339,570	-339,572
Dividends paid to non-controlling interests of consolidated companies	3.1.4	-144,993	-112,097	-82,029
Proceeds related to new borrowings	3.2.5.11.2	506,588	1,259,318	534,208
Repayments of borrowings (including finance lease agreements)	3.2.5.11.2	-574,849	-1,651,274	-835,607
Net interest paid (including finance lease agreements)		-85,571	-182,324	-92,897
Other cash flow from financing activities		-35,120	-57,766	-17,578
Net cash flow from financing activities		**-724,018**	**-887,985**	**-631,980**
Impact of changes in the exchange rate		-684	-14	334
CHANGE IN NET CASH		**-80,946**	**-171,681**	**-265,771**
Opening cash position		1,060,791	1,232,472	1,232,472
Closing cash position		979,845	1,060,791	966,702
NET VARIATION OF CASH-FLOW		**-80,946**	**-171,681**	**-265,771**

3.2 Notes to the condensed consolidated financial statements

3.2.1 General principles

3.2.1.1 Accounting standards

The condensed consolidated financial statements of the Covivio group at 30 June 2022 were prepared in accordance with IAS 34 "Interim Financial Reporting". Since they are condensed statements, they don't include all of the information required under IFRS guidelines and must be read in conjunction with the annual financial statements of the Covivio group for the year ended 31 December 2021.

The financial statements were approved by the Board of Directors on 21 July 2022.

Accounting principles and methods used

The accounting principles applied for the condensed consolidated financial statements as at 30 June 2022 are identical to those used for the consolidated financial statements as at 31 December 2021, except for new standards and amendments whose application was mandatory on or after 1 January 2022 and which were not applied early by the Group.

The following amendments, which are mandatory as of 1 January 2022, did not have any impact on the Group's consolidated financial statements:

- amendments to IAS 16 "Tangible fixed assets – Proceeds before intended use", adopted by the European Union on 28 June 2021; the amendments clarify that the proceeds from the sale, together with the corresponding costs, before the intended use of the tangible fixed asset should be recognized in net income, rather than as a deduction from the cost of the asset
- amendments to IAS 37 "Costs to be taken into account in determining whether a contract is onerous", adopted by the European Union on 28 June 2021. These amendments standardise practices in terms of identifying and measuring provisions for onerous contracts, in particular with regard to losses on completion recognised on contracts concluded with customers pursuant to IFRS 15
- amendments to IFRS 3 "Update of the reference to the Conceptual Framework", adopted by the European Union on 28 June 2021; they provide details to avoid unintended consequences in the event of a business combination
- annual improvements (2018-2020 cycle) "Annual improvement process for standards 2018-2020 cycle", adopted by the European Union on 28 June 2021. They provide clarifications of four standards: IFRS 1, IFRS 9, IAS 41, IFRS 16.

New standards adopted by the European Union whose application is possible from 1 January 2022, but not anticipated by the Group:

- IFRS 17 and "Insurance contracts" amendments, adopted on 19 November 2021; the effective date is 1 January 2023 according to the IASB. 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
- amendments to IAS 8 "Definition of Accounting Estimates", adopted on 2 March 2022; the effective date is 1 January 2023 according to the IASB. These amendments aim to facilitate the distinction between accounting policies and accounting methods
- amendments to IAS 1 "Presentation of Financial Statements – Practice Statement 2 – Disclosure of Accounting Policies", adopted on 2 March 2022; the effective date is 1 January 2023 according to the IASB. The purpose of these amendments is to help companies identify useful information to provide to users of financial statements on accounting methods.

New standards awaiting adoption by the European Union, for which application is possible as of 1 January 2022, but which have not been adopted early by the Group:

- amendments to IFRS 10 and IAS 28 "Sales or Contributions of Assets between an Investor and an Associate or Joint Venture – Effective Date", published on 11 September 2014 and 17 December 2015
- amendments to IAS 12 "Deferred tax related to assets and liabilities arising from the same transaction", published on 7 May 2021; the effective date is 1 January 2023 according to the IASB. This amendment specifies how entities must account for deferred taxes on transactions such as leases and decommissioning obligations
- amendments to IFRS 17 "First-time adoption of IFRS 17 and IFRS 9 – Comparative Information", published on 9 December 2021; An entity that chooses to apply the amendment applies it when it first applies IFRS 17.

IFRS standards and amendments published by the IASB not authorised for fiscal years beginning on or after 1 January 2022, with no impact on the financial statements:

- amendments to IAS 1 "Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current", published on 23 January 2020 and 15 July 2020; the effective date is 1 January 2023 according to the IASB.

3.2.1.2 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.

3.2.1.3 Taking into account the effects of climate change

In 2021, Covivio announced a new carbon trajectory and raised its ambitions to achieve a 40% reduction in greenhouse gas emissions by 2030. This objective, which concerns all scopes 1, 2 and 3, covers all activities in Europe and the entire life cycle of assets: materials, construction, restructuring and operation. In addition, Covivio is aiming for Net Zero Carbon from 2030 on its scopes 1 and 2.

Covivio continued its drive in terms of greening: the proportion of assets with HQE, BREAM, LEED or equivalent certification, in operation and/or under construction, reached 91%. This strategy actively contributes to achieving the new carbon trajectory. It is accompanied by a commitment to low-carbon construction on a European scale.

The inclusion of the effects of climate change had no material impact on the judgements made and the main estimates required to prepare the financial statements.

3.2.1.4 IFRS 7 – Reference table

• Liquidity risk	§ 3.2.2.2
• Sensitivity of financial expenses	§ 3.2.2.3
• Credit risk	§ 3.2.2.4
• Market risk	§ 3.2.2.6
• Foreign exchange risk	§ 3.2.2.7
• Sensitivity of the fair value of investment properties	§ 3.2.5.1.5
• Covenants	§ 3.2.5.11.6

3.2.2 Financial risk management

The operating and financial activities of the company are exposed to the following risks:

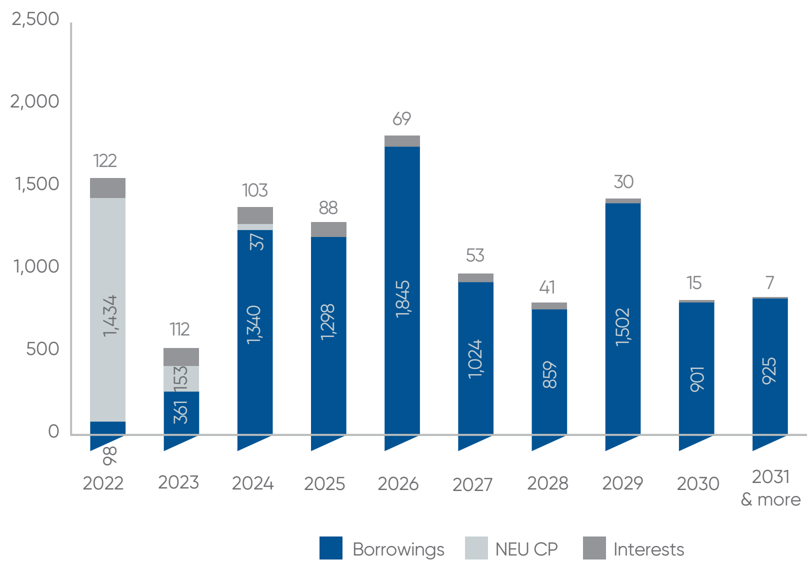
3.2.2.1 Marketing risk for properties under development

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 the development portfolio (see § 3.2.5.1.4).

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 30 June 2022, the Covivio group's available cash and cash equivalents amounted to €2,972 million, including €1,798 million in confirmed credit lines, €1,036 million in cash and cash equivalents and €138 million in unused overdraft facilities.

The graph below summarises the maturities of borrowings *(in €M)* existing as at 30 June 2022:



The maturities in the graph above for 2022 include €1.339 billion NEU Commercial Paper and €95 million NEU MTN.

The amount of interest payable until the maturity of the debt, estimated on the basis of the outstanding amount at 30 June 2022 and the average interest rate on the debt, totalled €639 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 3.2.5.11.6.

During the 1st half-year 2022, the Group raised long-term financing:

- Covivio repaid a bond issue of €125 million at the end of March, originally raised on its Italian scope and saw the debt for a total of €225 million related to some of its sold assets removed from its scope
- Covivio Hotels repaid a corporate loan of €20 million maturing and the mortgage debt of €47 million attached to an asset sold during the first half of the year
- in Germany, Covivio Immobilien raised €147 million in 10-year mortgage financing (refinancing €139 million in short-term or more expensive debt) and secured an additional €145 million at 10 years (by refinancing a debt of the same amount but four years shorter and secured by double the portfolio).

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 3.2.5.11.4). At 30 June 2022, after taking interest rate swaps into account, approximately 86% 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:

(In € thousand)	Rate +100 bps at 30/06/2022	Interest rate +50 bps at 30/06/2022	Interest rate -50 bps at 30/06/2022
Cost of net financial debt, Group Share 2022	-9,820	-4,883	4,804

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.

The counterparty risk in terms of hedging is included in the valuation of IFTs and amounted to €15.9 million at 30 June 2022.

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 ten principal tenants (Orange, Telecom Italia, Suez, AccorHotels, IHG, B&B, etc.) generate approximately 30% of annual income.

Covivio group is not 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.

Following the Covid-19 pandemic in 2020-2021, hotel closures and the deterioration in the operational performance of hotels that remained in operation may have led to a lack of rents or late payments.

During this half-year, the Group benefited from the recovery in activity following the gradual lifting of various restrictions. The Group did not record any new arrears during the period.

Impairment of trade receivables amounted to €36.3 million, a decrease of €12.5 million compared to 31 December 2021. This decrease follows a reversal of impairment of receivables of €10.4 million following the payment of unpaid rent for 2020/2021 on an asset in Spain.

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
- the outlook for revenue 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 a rise in inflation and then a rise in interest rates.

The investment policy of Covivio group is to minimise the impact of the various stages of the cycle by choosing investments that:

- with 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 3.2.5.1.5.

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, Poland, Hungary, and the Czech Republic. 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

	30/06/2022 (in £M)	5% decrease in GBP/EUR exchange rate (in €M)	10% decrease in GBP/EUR exchange rate (in €M)
Estate	703	-41.2	-82.2
Debt	400	23.4	46.7
Cross currency swap	250	14.6	29.2
IMPACT ON SHAREHOLDERS' EQUITY		**-3.2**	**-6.3**

(-) corresponds to a loss; (+) corresponds to a gain.

3.2.2.8 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.

3.2.2.9 Tax environment

3.2.2.9.1 Change by country

- The French tax environment has undergone changes relating to the corporate income tax rate, which was reduced to 26.5% from 1 January 2021. The is 25% as of 1 January 2022.
- The Group has not observed any major changes in the environment in other countries.

3.2.2.9.2 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.

As of 30 June 2022, there are no new tax risks provisioned whose effects would be likely to significantly affect the Group's results or financial position.

Final closing of the Comit Fund dispute – Beni Stabili merged into Covivio

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, and the court confirmed the administration's position of 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, civil arbitration proceedings had been initiated by Comit Fund. The Supreme Court dismissed Comit Fund's appeal, which definitively closed this dispute.

3.2.2.9.3 Deferred Taxation

A significant percentage of the Group's real estate companies have opted for the SIIC regime in France. The impact of deferred tax liabilities is therefore essentially present in German Residential, Germany Offices and Italy Offices. It is also linked to investments in Hotels in Europe (Germany, Spain, Belgium, Ireland, Netherlands, Portugal, the United Kingdom, Poland, Hungary and Czech Republic). 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%, Italian rate: 20%). Please note that the hotel management 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

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 as 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 currently has or does not have the 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.

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.

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 Change in holding and/or in consolidation method

None.

3.2.3.3 List of consolidated companies

Entries and exits from the scope are presented in the table below at the beginning or end of each business segment.

90 companies in the France Offices segment	Country	Consolidation method in 2022	% held 2022	% held in 2021
Covivio	**France**	**Parent company**		
SCI Meudon June	France	FC	100,00	
Covivio Ravinelle	France	FC	100,00	100,00
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 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 J.-J.-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 9, rue des Cuirassiers	France	FC	50,10	50,10
SCI du 15, rue des Cuirassiers	France	FC	50,10	50,10
SCI du 10 B et 11 A 13, allée des Tanneurs	France	FC	100,00	100,00
SCI 1, rue de Châteaudun	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 20, avenue Victor-Hugo	France	FC	100,00	100,00
Palmer Plage SNC	France	FC	100,00	100,00
Dual Center	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 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 CB 21	France	FC	75,00	75,00
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

90 companies in the France Offices segment	Country	Consolidation method in 2022	% held 2022	% held in 2021
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 Rueil B2	France	FC	100,00	100,00
SCI Factor E	France	FC	100,00	34,69
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
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 Mérina 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
Gaugin 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
N2 Batignolles Promo	France	FC	50,00	50,00
6, rue Fructidor	France	FC	50,10	50,10
Fructipromo	France	FC	100,00	100,00
Jean Jacques Bosc	France	FC	100,00	100,00
Terres Neuves	France	FC	100,00	100,00
André Lavignolle	France	FC	100,00	100,00
SCCV Chartres avenue de Sully	France	FC	100,00	100,00
SCI de la Louisiane	France	FC	100,00	100,00
SCCV Bobigny Le 9e Art	France	FC	60,00	60,00
SCCV Fontenay-sous-Bois Rabelais	France	FC	50,00	50,00
Saint-Germain Hennemont	France	FC	100,00	100,00
Antony Avenue de-Gaulle	France	FC	100,00	100,00
Aix en Provence Cézanne	France	FC	100,00	100,00
Hotel N2	France	FC	100,00	100,00
SCI Fédérimmo	France	Disposed of		60,00
11, place de l'Europe	France	Disposed of		50,09
EM/EA	France	Disposed of		34,69
SCI du 1630, avenue de la Croix-Rouge	France	Merger		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 8 and 30, avenue Kléber – 75116 Paris.

14 Companies in the Italy Offices segment	Country	Consolidation method in 2022	% held 2022	% held in 2021
Covivio 7 SpA	Italy	FC	100,00	100,00
Central Società di Investimento per Azioni a capitalo fisso Central Sicaf S.p.A.	Italy	FC	51,00	51,00
RGD Gestioni Srl	Italy	FC	100,00	100,00
Real Estate Roma Olgiata Srl	Italy	FC	75,00	75,00
Covivio Immobiliare 9 SINQ SpA	Italy	FC	100,00	100,00
Covivio Projects & Innovation	Italy	FC	100,00	100,00
Wellio Italy	Italy	FC	100,00	100,00
Imser Securitisation Srl	Italy	FC	100,00	100,00
Imser Securitisation 2 Srl	Italy	FC	100,00	100,00
RESolution Tech	Italy	EM	30,00	30,00
Covivio Attività Immobiliari 2 Srl	Italy	FC	100,00	100,00
Covivio Attività Immobiliari 3 Srl	Italy	FC	100,00	100,00
Covivio Development Italy SpA	Italy	FC	100,00	100,00
Covivio Attività Immobiliari 4 Srl	Italy	FC	100,00	100,00

The registered office of the companies in the Italy Offices segment is located at 10, Carlo Ottavio Cornaggia, 20123 Milan.

176 companies in the Hotels in Europe segment	Country	Consolidation method in 2022	% held 2022	% held in 2021
SCA Covivio Hotels (parent company) 100% controlled	**France**	**FC**	**43,86**	**43,78**
Roco Italy Hodco Srl	Italy	FC	43,86	
OPCO 2 Bruges NV	Belgium	FC	43,86	
Wotton House Properties Opco Limited	UK	FC	43,86	
Lagonda York Opco Limited	UK	FC	43,86	
Lagonda Leeds Opco Limited	UK	FC	43,86	
SARL Loire	France	FC	43,86	43,78
Ruhl Côte d'Azur	France	FC	43,86	43,78
Foncière Otello	France	FC	43,86	43,78
Hôtel René-Clair	France	FC	43,86	43,78
Ulysse Belgique	Belgium	FC	43,86	43,78
Ulysse Tréfonds	Belgium	FC	43,86	43,78
Foncière No Bruxelles Grand Place	Belgium	FC	43,86	43,78
Foncière No Bruxelles Aéroport	Belgium	FC	43,86	43,78
Foncière No Bruges Centre	Belgium	FC	43,86	43,78
Foncière Gand Centre	Belgium	FC	43,86	43,78
Foncière Gand Opéra	Belgium	FC	43,86	43,78
Foncière IB Bruxelles Grand-Place	Belgium	FC	43,86	43,78
Foncière IB Bruxelles Aéroport	Belgium	FC	43,86	43,78
Foncière IB Bruges Centre	Belgium	FC	43,86	43,78
Foncière Antwerp Centre	Belgium	FC	43,86	43,78
Foncière Bruxelles Expo Atomium	Belgium	FC	43,86	43,78
Murdelux	Luxembourg	FC	43,86	43,78
Portmurs	Portugal	FC	43,86	43,78
Sunparks Oostduinkerke	Belgium	FC	43,86	43,78
Foncière Vielsam	Belgium	FC	43,86	43,78
Sunparks Tréfonds	Belgium	FC	43,86	43,78
Foncière Kempense Meren	Belgium	FC	43,86	43,78
Iris Holding France	France	ME/EA	8,73	8,71
Foncière Iris SAS	France	ME/EA	8,73	8,71
Sables d'Olonne SAS	France	ME/EA	8,73	8,71
OPCI Iris Invest 2010	France	ME/EA	8,73	8,71

176 companies in the Hotels in Europe segment	Country	Consolidation method in 2022	% held 2022	% held in 2021
Covivio Hotels Gestion Immobilière	France	FC	43,86	43,78
Tulipe Holding Belgique	Belgium	ME/EA	8,73	8,71
Iris Tréfonds	Belgium	ME/EA	8,73	8,71
Foncière Louvain Centre	Belgium	ME/EA	8,73	8,71
Foncière Liège	Belgium	ME/EA	8,73	8,71
Foncière Bruxelles Aéroport	Belgium	ME/EA	8,73	8,71
Foncière Bruxelles Sud	Belgium	ME/EA	8,73	8,71
Foncière Bruge Station	Belgium	ME/EA	8,73	8,71
Narcisse Holding Belgique	Belgium	ME/EA	8,73	8,71
Foncière Bruxelles Tour Noire	Belgium	ME/EA	8,73	8,71
Foncière Louvain	Belgium	ME/EA	8,73	8,71
Foncière Malines	Belgium	ME/EA	8,73	8,71
Foncière Bruxelles Centre Gare	Belgium	ME/EA	8,73	8,71
Foncière Namur	Belgium	ME/EA	8,73	8,71
Iris investor Holding GmbH	Germany	ME/EA	8,73	8,71
Iris General Partner GmbH	Germany	ME/EA	8,73	8,71
Iris Berlin GmbH	Germany	ME/EA	8,73	8,71
Iris Bochum & Essen	Germany	ME/EA	8,73	8,71
Iris Frankfurt GmbH	Germany	ME/EA	8,73	8,71
Iris Verwaltungs GmbH & co KG	Germany	ME/EA	8,73	8,71
Iris Nurnberg GmbH	Germany	ME/EA	8,73	8,71
Iris Stuttgart GmbH	Germany	ME/EA	8,73	8,71
B&B Invest Lux 1	Germany	FC	43,86	43,78
B&B Invest Lux 2	Germany	FC	43,86	43,78
B&B Invest Lux 3	Germany	FC	43,86	43,78
Campeli	France	ME/EA	8,73	8,71
OPCI Camp Invest	France	ME/EA	8,73	8,71
Dahlia	France	ME/EA	8,77	8,76
Foncière B2 Hôtel Invest	France	FC	22,02	21,98
OPCI B2 Hôtel Invest	France	FC	22,02	21,98
Foncière B3 Hôtel Invest	France	FC	22,02	21,98
B&B Invest Lux 4	Germany	FC	43,86	43,78
NH Amsterdam Center Hotel HLD	Netherlands	FC	43,86	43,78
Hotel Amsterdam Centre Propco	Netherlands	FC	43,86	43,78
Mo Lux 1	Luxembourg	FC	43,86	43,78
LHM Holding Lux SARL	Luxembourg	FC	43,86	43,78
LHM ProCo Lux SARL	Germany	FC	45,65	45,58
SCI Rosace	France	FC	43,86	43,78
Mo Drelinden, Niederrad, Düsseldorf	Germany	FC	41,23	41,16
Mo Berlin	Germany	FC	41,23	41,16
Mo First Five	Germany	FC	42,91	42,84
Ringer	Germany	FC	43,78	43,78
B&B Invest Lux 5	Germany	FC	40,72	40,72
SCI Hôtel Porte Dorée	France	FC	43,86	43,78
FDM M Lux	Luxembourg	FC	43,86	43,78
OPCO Rosace	France	FC	43,86	43,78
Exco Hôtel	Belgium	FC	43,86	43,78
Invest Hôtel	Belgium	FC	43,86	43,78
H Invest Lux	Luxembourg	FC	43,86	43,78
Hermitage Holdco	France	FC	43,86	43,78

176 companies in the Hotels in Europe segment	Country	Consolidation method in 2022	% held 2022	% held in 2021
Foncière B4 Hôtel Invest	France	FC	22,02	21,98
B&B Invest Espagne SLU	Spain	FC	43,86	43,78
Rock-Lux	Luxembourg	FC	43,86	43,78
Société Lilloise Investissement Immobilier Hôtelier SA	France	FC	43,86	43,78
Berlin I (Propco Westin Grand Berlin)	Germany	FC	41,63	41,55
Opco Grand Hôtel Berlin Betriebs (Westin berlin)	Germany	FC	41,63	41,55
Berlin II (Propco Park Inn Alexanderplatz)	Germany	FC	41,63	41,55
Opco Hôtel Stadt Berlin Betriebs (Park-Inn)	Germany	FC	41,63	41,55
Berlin III (Propco Mercure Potsdam)	Germany	FC	41,63	41,55
Opco Hôtel Potsdam Betriebs (Mercure Potsdam)	Germany	FC	41,63	41,55
Dresden II (Propco Ibis Hôtel Dresden)	Germany	FC	41,63	41,55
Dresden III (Propco Ibis Hôtel Dresden)	Germany	FC	41,63	41,55
Dresden IV (Propco Ibis Hôtel Dresden)	Germany	FC	41,63	41,55
Opco BKL Hotelbetriebsgesellschaft (Dresden II to IV)	Germany	FC	41,63	41,55
Dresden V (Propco Pullman Newa Dresden)	Germany	FC	41,63	41,55
Opco Hôtel Newa Dresden Betriebs (Pullman)	Germany	FC	41,63	41,55
Leipzig I (Propco Westin Leipzig)	Germany	FC	41,63	41,55
Opco HotelgesellschaftGeberst, Betriebs (Westin Leipzig)	Germany	FC	41,63	41,55
Leipzig II (Propco Radisson Blu Leipzig)	Germany	FC	41,63	41,55
Opco Hôtel Deutschland Leipzig Betriebs (Radisson Blu)	Germany	FC	41,63	41,55
Erfurt I (Propco Radisson Blu Erfurt)	Germany	FC	41,63	41,55
Opco Hôtel Kosmos Erfurt (Radisson Blu)	Germany	FC	41,63	41,55
Airport Garden Hotel NV	Belgium	FC	43,86	43,78
Investment FDM Rocatiera	Spain	FC	43,86	43,78
Bardiomar	Spain	FC	43,86	43,78
Trade Center Hotel	Spain	FC	43,86	43,78
H Invest Lux 2	Luxembourg	FC	43,86	43,78
Constance	France	FC	43,86	43,78
Hotel Amsterdam Noord FDM	Netherlands	FC	43,86	43,78
Hotel Amersfoort FDM	Netherlands	FC	43,86	43,78
Constance Lux 1	Luxembourg	FC	43,86	43,78
Constance Lux 2	Luxembourg	FC	43,86	43,78
So Hospitality	France	FC	43,86	43,78
Nice-M	France	FC	43,86	43,78
Rock-Lux OPCO	Luxembourg	FC	43,86	43,78
Blythswood Square Hotel Holdco	UK	FC	43,86	43,78
George Hotel Investments Holdco	UK	FC	43,86	43,78
Grand Central Hotel company Holdco	UK	FC	43,86	43,78
Lagonda Leeds Holdco	UK	FC	43,86	43,78
Lagonda Palace Holdco	UK	FC	43,86	43,78
Lagonda Russell Holdco	UK	FC	43,86	43,78
Lagonda York Holdco	UK	FC	43,86	43,78
Oxford Spires Hotel Holdco	UK	FC	43,86	43,78
Oxford Thames Holdco	UK	FC	43,86	43,78
Roxburghe Investments Holdco	UK	FC	43,86	43,78
The St David's Hotel Cardiff Holdco	UK	FC	43,86	43,78
Wotton House Properties Holdco	UK	FC	43,86	43,78
Blythswood Square Hotel Glasgow	UK	FC	43,86	43,78
George Hotel Investments	UK	FC	43,86	43,78
Grand Central Hotel company	UK	FC	43,86	43,78

176 companies in the Hotels in Europe segment	Country	Consolidation method in 2022	% held 2022	% held in 2021
Lagonda Leeds PropCo	UK	FC	43,86	43,78
Lagonda Palace PropCo	UK	FC	43,86	43,78
Lagonda Russell PropCo	UK	FC	43,86	43,78
Lagonda York PropCo	UK	FC	43,86	43,78
Oxford Spires Ltd (Propco)	UK	FC	43,86	43,78
Oxford Thames Hotel Ltd (Propco)	UK	FC	43,86	43,78
Roxburghe Investments PropCo	UK	FC	43,86	43,78
The St David's Hotel Cardiff	UK	FC	43,86	43,78
Wotton House Properties	UK	FC	43,86	43,78
HEM Diesterlkade Amsterdam BV	Netherlands	FC	43,86	43,78
Dresden Dev	Luxembourg	FC	41,63	41,55
Delta Hotel Amersfoort	Netherlands	FC	43,86	43,78
Opci Oteli	France	ME/EA	13,66	13,64
CBI Orient SAS	France	ME/EA	13,66	13,64
CBI Express SAS	France	ME/EA	13,66	13,64
Kombon	France	ME/EA	14,62	14,59
Jouron	Belgium	ME/EA	14,62	14,59
Foncière Gand Cathédrale	Belgium	ME/EA	14,62	14,59
Foncière Bruxelles Sainte-Catherine	Belgium	ME/EA	14,62	14,59
Foncière IGK	Belgium	ME/EA	14,62	14,59
Forsmint Investments	Poland	FC	43,86	43,78
Cerstook Investments	Poland	FC	43,86	43,78
Noxwood Investments	Poland	FC	43,86	43,78
Redwen Investments	Poland	FC	43,86	43,78
Sardobal Investments	Poland	FC	43,86	43,78
Kilmainham Property Holding	Ireland	FC	43,86	43,78
Thommont Ltd	Ireland	FC	43,86	43,78
Honeypool	Ireland	FC	43,86	43,78
Ingrid Hotels	Italy	FC	43,86	43,78
Ingrid France Holding	France	FC	43,86	43,78
Verdun Propco	France	FC	43,86	43,78
SC CZECH AAD	Czech Republic	FC	43,86	43,78
New York Palace Propco	Hungary	FC	43,86	43,78
Hotel Plaza SAS	France	FC	43,86	43,78
Palazzo Naiadi Rome Propco	Italy	FC	43,86	43,78
Palazzo Gaddi Florence Propco	Italy	FC	43,86	43,78
Bellini Venice Propco	Italy	FC	43,86	43,78
Dei Dogi Venice Propco	Italy	FC	43,86	43,78
SLIH AD	France	FC	43,86	43,78
SLIH CP	France	FC	43,86	43,78
SLIH GHB	France	FC	43,86	43,78
SLIH HDB	France	FC	43,86	43,78
SLIH HG	France	FC	43,86	43,78
SLIH HIR	France	FC	43,86	43,78
Samoens SAS	France	Merger		21,94

The registered office of the parent company Covivio Hotels and its main fully consolidated French subsidiaries is located at 30, avenue Kléber, 75116 Paris.

146 companies in the German Residential segment	Country	Consolidation method in 2022	% held 2022	% held in 2021
Covivio Immobilien SE (parent company) 100% controlled	**Germany**	**FC**	**61,70**	**61,70**
Covivio Immobilien	Germany	FC	61,70	61,70
Covivio Lux Residential	Germany	FC	65,57	65,57
Covivio Valore 4	Germany	FC	65,57	65,57
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 Wohnen	Germany	FC	61,70	61,70
Covivio Gesellschaft für Wohnen Datteln	Germany	FC	65,57	65,57
Covivio Stadthaus	Germany	FC	65,57	65,57
Covivio Wohnbau	Germany	FC	65,57	65,57
Covivio Wohnungsgesellechaft GmbH Dümpten	Germany	FC	65,57	65,57
Covivio Berolinum 2	Germany	FC	65,57	65,57
Covivio Berolinum 3	Germany	FC	65,57	65,57
Covivio Berolinum 1	Germany	FC	65,57	65,57
Covivio Remscheid	Germany	FC	65,57	65,57
Covivio Valore 6	Germany	FC	65,57	65,57
Covivio Holding	Germany	FC	100,00	100,00
Covivio Berlin 67 GmbH	Germany	FC	65,57	65,57
Covivio Berlin 78 GmbH	Germany	FC	65,57	65,57
Covivio Berlin 79 GmbH	Germany	FC	65,57	65,57
Covivio Dresden GmbH	Germany	FC	65,57	65,57
Covivio Berlin I SARL	Germany	FC	65,57	65,57
Covivio Berlin V SARL	Germany	FC	65,57	65,57
Covivio Berlin C GmbH	Germany	FC	65,57	65,57
Covivio Dansk Holding Aps	Denmark	FC	61,70	61,70
Covivio Dasnk L Aps	Germany	FC	65,57	65,57
Covivio Berlin Prime	Germany	FC	65,57	65,57
Berlin Prime Commercial	Germany	FC	65,57	65,57
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 Arian	Germany	FC	65,57	65,57
Covivio Bennet	Germany	FC	65,57	65,57
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	65,57	65,57
Residenz Berolina GmbH & Co KG	Germany	FC	67,33	67,33
Covivio Quadrigua IV GmbH	Germany	FC	65,57	65,57
Real Property Versicherungsmakler	Germany	FC	61,70	61,70
Covivio Quadrigua 15	Germany	FC	69,05	69,05
Covivio Quadrigua 45	Germany	FC	69,05	69,05
Covivio Quadrigua 36	Germany	FC	69,05	69,05
Covivio Quadrigua 46	Germany	FC	69,05	69,05
Covivio Quadrigua 40	Germany	FC	69,05	69,05
Covivio Quadrigua 47	Germany	FC	69,05	69,05

146 companies in the German Residential segment	Country	Consolidation method in 2022	% held 2022	% held in 2021
Covivio Quadrigua 48	Germany	FC	69,05	69,05
Covivio Fischerinsel	Germany	FC	65,57	65,57
Covivio Berolina Fischenrinsel	Germany	FC	65,57	65,57
Covivio Berlin Home	Germany	FC	65,57	65,57
Amber Properties Sarl	Germany	FC	65,57	65,57
Covivio Gettmore	Luxembourg	FC	65,57	65,57
Saturn Properties Sarl	Germany	FC	65,57	65,57
Venus Properties Sarl	Germany	FC	65,57	65,57
Covivio Vinetree	Luxembourg	FC	65,57	65,57
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	65,57	65,57
Covivio Spree Wohnen 6	Germany	FC	65,57	65,57
Covivio Spree Wohnen 7	Germany	FC	65,57	65,57
Covivio Spree Wohnen 8	Germany	FC	65,57	65,57
Nordens Immobilien III	Germany	FC	65,57	65,57
Montana-Portfolio	Germany	FC	65,57	65,57
Covivio Cantianstrasse 18 Grundbesitz	Germany	FC	65,57	65,57
Covivio Konstanzer Str.54/Zahringerstr. 28, 28a Grundbesitz.	Germany	FC	65,57	65,57
Covivio Mariend.Damm 28/Markgrafenstr. 17 Grundbesitz	Germany	FC	65,57	65,57
Covivio Markstrasse 3 Grundbesitz	Germany	FC	65,57	65,57
Covivio Schnellerstrasse 44 Grundbesitz	Germany	FC	65,57	65,57
Covivio Schnönwalder Str.69 Grundbesitz	Germany	FC	65,57	65,57
Covivio Schulstrasse 16/17. Grundbesitz	Germany	FC	65,57	65,57
Covivio Sophie-Charlotten Strasse 31, 32 Grundbesitz	Germany	FC	65,57	65,57
Covivio Zelterstrasse 3 Grundbesitz	Germany	FC	65,57	65,57
Covivio Zinshäuser Alpha	Germany	FC	65,57	65,57
Covivio Zinshäuser Gamma	Germany	FC	65,57	65,57
Second Ragland	Germany	FC	65,57	65,57
Seed Portfolio 2	Germany	FC	65,57	65,57
Erz 1	Germany	FC	65,57	65,57
Covivio Berlin 9	Germany	FC	65,57	65,57
Erz 2	Germany	FC	65,57	65,57
Best Place Living	Germany	FC	31,47	31,47
Covivio Berlin 8	Germany	FC	65,57	65,57
Covivio Selectimmo.de	Germany	FC	65,57	65,57
Covivio Prenzlauer Promenade 49 Besitzgesellschaft	Germany	FC	65,57	65,57
Meco Bau	Germany	FC	61,70	61,70
Covivio Blankenburger Str.	Germany	FC	65,57	65,57
Covivio Immobilien Financing	Germany	FC	65,57	65,57
Covivio Treskowallee 202 Entwicklungsgesellschaft	Germany	FC	65,57	65,57
Covivio Hathor Berlin	Germany	FC	65,57	65,57
Covivio Hansastraße 253	Germany	FC	65,57	65,57
Covivio Rhenania 1	Germany	FC	65,57	65,57
Covivio Rhenania 2	Germany	FC	65,57	65,57
Covivio Prime Financing	Germany	FC	61,70	61,70
Covivio Grundbesitz NRW	Germany	FC	65,57	65,57

146 companies in the German Residential segment	Country	Consolidation method in 2022	% held 2022	% held in 2021
Covivio Eiger 1	Germany	FC	65,57	65,57
Covivio Eiger II	Germany	FC	65,57	65,57
Covivio Southern Living Grundbesitz	Germany	FC	65,57	65,57
Covivio Grundbesitz NRW 2	Germany	FC	65,57	65,57
Buchstrasse 6 & Fehmarner Strasse 14	Germany	FC	65,57	65,57
Erkstrasse 20	Germany	FC	65,57	65,57
Martin Opitz Strasse 5	Germany	FC	65,57	65,57
Kurstrasse 23	Germany	FC	65,57	65,57
Pankstrasse 55 Verwaltungs	Germany	FC	65,57	65,57
Grospiusstrasse 4	Germany	FC	65,57	65,57
Grundbesitz Schillerstrasse 10	Germany	FC	65,57	65,57
Grundbesitz Firstrasse 22	Germany	FC	65,57	65,57
Lowenberger Strasse 2 4 Wohnenquartier	Germany	FC	65,57	65,57
TSC 2 Holding Sàrl	Germany	FC	65,57	65,57
TSC Berlin Alpha	Germany	FC	65,57	65,57
TSC Berlin Beta	Germany	FC	65,57	65,57
TSC Berlin Gamma	Germany	FC	65,57	65,57
TSC Berlin Delta	Germany	FC	65,57	65,57
TSC Berlin Epsilon	Germany	FC	65,57	65,57
TSC Berlin Zeta	Germany	FC	65,57	65,57
TSC Berlin Eta	Germany	FC	65,57	65,57
TSC Berlin Theta	Germany	FC	65,57	65,57
TSC Berlin Lota	Germany	FC	65,57	65,57
TSC Berlin Kappa	Germany	FC	65,57	65,57
TSC Berlin Lambda	Germany	FC	65,57	65,57
TSC Berlin My	Germany	FC	65,57	65,57
TSC Berlin XI	Germany	FC	65,57	65,57
TSC Berlin Omicron	Germany	FC	65,57	65,57
TSC Berlin Rho	Germany	FC	65,57	65,57
TSC Berlin Sigma	Germany	FC	65,57	65,57
TSC Berlin Tau	Germany	FC	65,57	65,57
TSC Berlin Ypsilon	Germany	FC	65,57	65,57
Akragas Immobilien	Germany	FC	69,,05	65,57
AC Gustav-Müller-Strasse Grundstucks	Germany	FC	61,70	61,70
Areal Consult Grundstucks	Germany	FC	61,70	61,70
Areal Invest Grafestrasse	Germany	FC	61,70	61,70
Areal Invest XI Grunstucks	Germany	FC	61,70	61,70
Areal Invest XIII Grundstücks	Germany	FC	61,70	61,70
Areal Invest XXIX Grundstücks	Germany	FC	61,70	61,70
Areal Invest XXIII Grundstücks	Germany	FC	61,70	61,70
JFT Grundbesitz Nr. 28	Germany	FC	61,70	61,70
Nox Capital Kulmer 11 Grundbesitz	Germany	FC	61,70	61,70
Nox Capital Nr. 15	Germany	FC	61,70	61,70
Nox Capital Leinestraße 21 Grundbesitz	Germany	FC	61,70	61,70
Nox Capital Kiehlufer39 Grundbesitz	Germany	FC	61,70	61,70

The registered office of the parent company Covivio Immobilien SE is at Essener Strasse 66, 46047 Oberhausen.

22 companies in the Germany Offices segment	Country	Consolidation method in 2022	% held 2022	% held in 2021
Covivio Office Holding	**Germany**	**FC**	**100,00**	**100,00**
Acopio Office Energie GmbH (Office Germany)	Germany	FC	100,00	100,00
Covivio Alexanderplatz	Luxembourg	FC	55,00	55,00
Covivio Alexanderplatz	Germany	FC	100,00	100,00
Covivio Office Berlin	Germany	FC	100,00	100,00
Covivio Tino Schwierzina Strasse 32 Grundbezitz	Germany	FC	94,22	94,22
Covivio Gross-Berliner-Damm	Germany	FC	100,00	100,00
Covivio Office (formerly Godewind Immobilien)	Germany	FC	100,00	100,00
Covivio Office 1	Germany	FC	94,22	94,22
Covivio Beteilingungs	Germany	FC	94,22	94,22
Covivio Office 2	Germany	FC	94,22	94,22
Covivio Office 3	Germany	FC	94,22	94,22
Covivio Office 4	Germany	FC	94,22	94,22
Covivio Office 5	Germany	FC	94,22	94,22
Covivio Office 7	Germany	FC	94,22	94,22
Covivio Office 6	Germany	FC	89,90	89,90
Covivio Technical Services 1	Germany	FC	100,00	100,00
Covivio Technical Services 2	Germany	FC	94,22	94,22
Covivio Technical Services 3	Germany	FC	94,22	94,22
Covivio Technical Services 4	Germany	FC	94,22	94,22
Covivio Verwaltungs 4	Germany	FC	94,22	94,22
Covivio Construction	Germany	FC	100,00	100,00

The registered office of the parent company Covivio Office Holding is at Knesebeckstrasse 3, 10623 Berlin.

8 companies in Other segment (France Residential, Car parks, Services)	Country	Consolidation method in 2022	% held 2022	% held in 2021
1 company in France Residential:				
Foncière Développement Logements (parent company) 100% controlled	France	FC	100,00	100,00
1 Car parks companies:				
Trinité	France	FC	100,00	100,00
République (parent company) 100% controlled	France	Disposed of		100,00
Esplanade Belvédère II	France	Disposed of		100,00
Comédie	France	Disposed of		100,00
Gare	France	Disposed of		50,80
Gespar	France	Disposed of		50,00
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 is located at 8, avenue Kléber, 75116 Paris.

There are 456 companies in the Group, including 410 fully consolidated companies and 46 equity affiliates.

3.2.3.4 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.

SNC Latécoère and Latécoère 2 (consolidated structured entities)

As at 30 June 2022, SCI Latécoère and Latécoère 2 were 50.1% held by Covivio 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. Covivio signed a project to extend the Dassault Systèmes campus through the construction of a new 27,600 m² building and the signing of new leases. These leases will begin in early 2023 upon delivery of the extension.

SCIs of 9 and 15, rue des Cuirassiers (consolidated structured entities)

As at 30 June 2022, 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. Delivery of the Silex 2 project took place in early July 2021.

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 Paris Saint-Ouen So Pop development project, held by the company 6, rue Fructidor. This company owns a plot located on the border between Paris and Saint-Ouen where it intends to build a new office building (31,600 m² of floor space for offices and services, 7 storeys, 249 parking spaces). The building permit was obtained on 20 May 2019 and construction is due to be finalised in the second half of 2022.

Construction work was completed on a building as part of a CPI signed on 29 October 2019 by Fructidor and Fructipromo.

As at 30 June 2022, the company 6, rue Fructidor was 50.1% held by Covivio and fully consolidated.

SCI N2 Batignolles and SNC Batignolles Promo (consolidated structured entities)

As at 30 June 2022, SCI N2 Batignolles and SNC Batignolles Promo was 50% held by Covivio and fully consolidated.

The partnership with Assurances du Crédit Mutuel (50%) was set up in 2018 as part of the N2 Batignolles development project located in the Clichy Batignolles ZAC (development zone) in the 17th district of Paris. Delivery is scheduled for the end of 2022.

SNC Batignolles Promo is 50% owned by Hines.

Covivio Alexanderplatz Sarl (consolidated structured entity)

As at 30 June 2022, Covivio Alexanderplatz Sarl was 55% held by Covivio and fully consolidated. The partnership with Covéa (25%) and Generali Vie (20%) was set up in June 2021 as part of the Alexanderplatz project in Berlin. Delivery of this project is scheduled for 2026. The construction of the building is carried out as part of a PDA between Covivio Alexanderplatz and Covivio Construction GmbH, wholly owned by Covivio.

The following companies are consolidated by the equity method.

SCI Lenovilla (joint venture)

As at 30 June 2022, Lenovilla was 50.09% held by Covivio and 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)

As at 30 June 2022, SCI Cœur d'Orly Bureaux was 50% held by Covivio and 50% by Aéroports de Paris and was 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.

3.2.4 Significant events during the period

Significant events during the period were as follows:

3.2.4.1 France Offices

Acquisition and disposal of assets held in partnership and assets under promise (€42 million)

In May 2022, Covivio sold the Carré Suffren and Campus Eiffage assets, held in partnership at 60% and 50.1% respectively for €325 million.

In accordance with the agreements signed in 2017 as part of the co-development of the Quai 8.2 operation in Bordeaux, Covivio and Icade proceeded, on 18 January 2022, to unwind the transaction by cross-swapping the shares of the two companies holding the assets. This transaction resulted in the acquisition of 100% of the Factor E asset by Covivio.

At 30 June 2022, the amount of assets under preliminary sale agreement totalled €42 million.

Development portfolio

The asset development programme is presented in note 3.2.5.1.4.

The first half of 2022 was marked by the delivery of the Lyon Sévigné asset, as well as the start of the Paris Monceau project.

3.2.4.2 Italy Offices

Disposals (€149 million – income on disposals net of fees: €0 million) and assets under preliminary sale agreements (€108 million)

During the period, assets were sold for a total of €149 million, generating an income from disposal net of costs of zero.

As of 30 June 2022, the amount of assets under promise amounted to €108 million, including the Milan asset, via dell'Innovazione.

Development portfolio

The asset development programme is presented in note 3.2.5.1.4.

The first half of 2022 was marked by the delivery of the Milan asset, via Unione, operated directly as part of the Flex Office activity (Wellio Duomo), as well as the launch of the Rozzano project, Milanofiori Strada 8.

Repayment of a bond issue

During the period, Covivio redeemed the bond maturing in March 2022 for €125 million.

3.2.4.3 Hotels in Europe

Recovery following the gradual liftingof various pandemic-related restrictions

The first half of the year saw a strong recovery in activity, in particular due to the end of lockdown measures in Europe. Occupancy rates are up sharply, with performance (Revpar) at the 2019 level and a significant increase in average prices. This resumption of activity is reflected in:

- an increase in rental income at variable rents for €15.8 million on the ACCOR portfolio and €16.4 million in rents on the portfolio in the United Kingdom; as of 30 June 2021, no rental income was recognised on UK assets due to the activation of the major underperformance clause
- the €23 million increase in EBITDA from hotels under management.

In France and abroad, Covivio Hotels benefited from government subsidies and furlough measures put in place for the hotel sector, worth €1.3 million.

The fair value of hotel leases were up by €143 million compared to 31 December 2021, in particular for assets in the United Kingdom and AccorInvest assets.

Continued support for lease operators

Following the purchase of 30 hotel business assets located in France by B&B HOTELS from AccorInvest, these hotels, which were previously let under variable rent leases under Accor group brands, have been transferred to a fixed 12-year firm lease under the B&B HOTELS brand. Covivio Hotels will participate in a programme of works carried out by the operator.

Acquisition of an asset in Poland

In May 2022, Covivio Hotels acquired a 130-room hotel operated by B&B in Poland for €7 million.

Disposals of assets (€130 million – profit or loss on disposals net of fees: €0 million) and assets under preliminary sale agreement (€59 million)

During the period, Covivio Hotels sold assets for €130 million, including Club Med Samoens.

At 30 June 2022, the amount of assets under agreements totalled €59 million (four AccorInvest hotels, one Jardiland asset and one asset in Spain).

Refinancing and redemption

During the first half of 2022, Covivio Hotels repaid the financing set up as part of the asset acquisitions in Spain for €100 million, as well as the repayment of the debt associated with Club Med Samoens for €47 million.

3.2.4.4 German Residential

Strong increase in German Residential asset values

The German Residential segment recorded an increase in asset values of €433 million, mainly in Berlin.

Acquisitions (assets: €31 million)

In April 2022, the Group acquired a portfolio of assets located in Berlin.

Refinancing and redemption

Covivio Immobilien raised €147 million in ten-year mortgage financing and secured an additional €145 million over ten years.

3.2.4.5 Other (including France Residential)

Disposal of parking activities

On 25 January 2022, Covivio and Indigo signed three deeds of disposal relating to République, EB2 and Gespar.

3.2.5 Notes to the statement of financial position

3.2.5.1 Estate

3.2.5.1.1 Accounting principles applicable to tangible and intangible fixed assets

Intangible fixed 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 (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.

Business combinations (IFRS 3) and goodwill from acquisitions

An entity must determine whether a transaction or other event constitutes a business combination within the meaning of the definition of IFRS 3 which states that a company is an integrated set of activities and assets that can be operated and managed for the purpose of providing goods or services to clients, generating investment income (such as dividends or interest) or generating other income from ordinary activities.

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 is a business combination, the Group considers in particular whether an integrated set of activities and assets is acquired in addition to real estate and whether this set comprises at least one input and a substantial process which, together, contribute significantly to the capacity to generate outputs.

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.

Costs related to the acquisition categorised under business combinations are recognised as expenses in accordance with IFRS 3 under "Income from changes in consolidation scope" in the income statement. The costs associated with an acquisition that does not qualify as a business combination are an integral part of the 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 Covivio group employees – owner-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 Ethics applicable to SIICs, the Property Valuations Charter, the recommendations of the COB/CNCC working group chaired by Mr. Barthès de Ruyter and at the international level in accordance with the International Valuation Standards Council (IVSC) and those of the 2014 Red Book of the Royal Institution of Chartered Surveyors (RICS).

The real estate portfolio directly held by the Group was appraised in full at 30 June 2022 by independent real estate experts including BNP Real Estate, JLL, CBRE, Cushman, CFE, MKG, REAG 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, Italy and Germany 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 German 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, 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, 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 properties (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 are 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

(In € thousand)	31/12/2021	Scope change	Increase/ Charges	Disposal/ Reversals of provisions	Change in fair value	Transfers	Change in exchange rate	30/06/2022
Goodwill	**117,205**	**0**	**0**	**0**	**0**	**0**	**0**	**117,205**
Intangible assets[1]	**14,705**	**0**	**361**	**0**	**0**	**-8**	**0**	**15,058**
Gross amounts	*34,101*	*0*	*1,252*	*0*	*0*	*-8*	*0*	*35,345*
Depreciation	*-19,396*	*0*	*-891*	*0*	*0*	*0*	*0*	*-20,287*
Tangible assets	**1,392,676**	**1**	**-2,372**	**-296**	**0**	**67,078**	**0**	**1,457,087**
Operating properties	1,326,616	1	-14,964	-1	0	71,100	0	1,382,752
Gross amounts	*1,701,662*	*0*	*9,024*	*0*	*0*	*71,100*	*0*	*1,781,786*
Depreciation	*-375,046*	*1*	*-23,988*	*-1*	*0*	*0*	*-0*	*-399,034*
Other tangible fixed assets	42,984	0	-2,260	-56	0	417	0	41,085
Gross amounts	*190,726*	*0*	*3,102*	*-621*	*0*	*133*	*0*	*193,340*
Depreciation	*-147,742*	*0*	*-5,362*	*565*	*0*	*284*	*0*	*-152,255*
Fixed assets in progress	23,076	0	14,852[2]	-239	0	-4,439	-0	33,250
Gross amounts	*23,076*	*0*	*14,852*	*-239*	*0*	*-4,439*	*-0*	*33,250*
Depreciation	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Investment properties	**23,157,221**	**48,874**	**281,894**	**-95,689**	**649,505**	**-214,731**	**-28,164**	**23,798,909**
Operating properties	21,449,845	48,874	145,214	-95,689	578,956	-283,553	-28,164	21,815,482
Investment properties under development	1,707,376	0	136,680	0	70,549	68,822	0	1,983,427
Assets held for sale	**901,736**	**-613,227**	**1,876**	**-221,127**	**-2,929**	**162,255**	**0**	**228,584**
Assets held for sale	901,736	-613,227	1,876	-221,127	-2,929	162,255	0	228,584
of which other assets held for sale	*35,962*	*-36,939*	*0*	*0*	*0*	*977*	*0*	*0*
TOTAL	**25,583,543**	**-564,352[3]**	**281,759**	**-317,112**	**646,576**	**14,594**	**-28,165**	**25,616,843**

(1) The "Intangible fixed assets" line item includes expenditure relating to the implementation of an ERP for €10.9 million.
(2) Work carried out on the France Offices assets (€7.8 million), on the Italy Offices assets (€5.3 million) and on the assets in Operating Properties (€1.8 million).
(3) The "change in scope" column includes in particular an asset in France Offices for €49 million following the additional acquisition of shares in the company and -€613 million in deconsolidation following the disposal of two France Offices companies and car park companies.

The portfolio of hotels held as Operating Properties totalled €1,153.1 million at 30 June 2022. In accordance with IAS 16, it is recognised under "Tangible fixed assets".

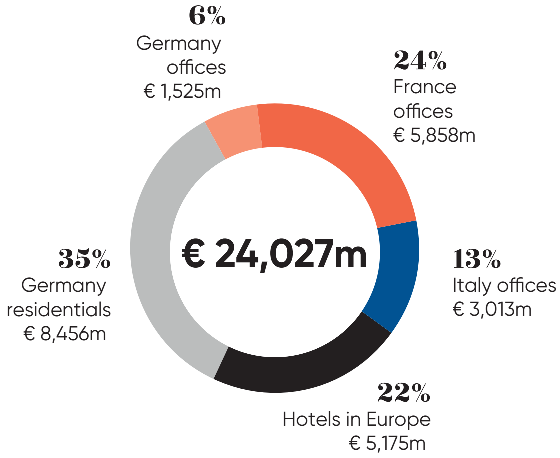
The total of the transfer column (+€14.6 million) corresponds mainly to the reclassification of a development asset to German Residential (+€17.7 million).

The "Disbursements related to acquisition of tangible and intangible fixed assets" line in the Statement of Cash Flows (-€271.5 million) refers mainly to increases in the statement of changes in the portfolio excluding the effect of depreciation (-€312.0 million), restated for advances and down-payments already paid on properties under development (€19.5 million), adjusted for changes in fixed asset trade payables (-€1.9 million) and restatements for step rental schemes and rent incentives (+€21.2 million).

The "Proceeds relating to the disposals of tangible and intangible fixed assets" line in the Statement of Cash Flows (€353.7 million) primarily corresponds to income from disposals as presented in section 3.2.6.3 Income from asset disposals (+€317.9 million), and to the proceeds from the disposal of assets in inventory (+€1.4 million), restated for the change in receivables on asset disposals (+€13.5 million) and down payments on asset disposals (+€20.9 million).

3.2.5.1.3 Investment properties and assets held for sale

Consolidated portfolio at 30 June 2022 in €M



(In € thousand)	31/12/2021	Scope change	Increase	Disposal	Change in fair value	Transfers	Change in exchange rate	30/06/2022
Investment properties	**23,157,221**	**48,874**	**281,894**	**-95,689**	**649,505**	**-214,731**	**-28,164**	**23,798,909**
Operating properties	21,449,845	48,874	145,214	-95,689	578,956	-283,553	-28,164	21,815,482
France Offices	*4,453,204*	*49,060*	*10,306*	*-1,098*	*-10,069*	*-139,172*	*0*	*4,362,231*
Italy Offices	*2,857,996*	*0*	*9,080*	*-92,441*	*34,901*	*-125,292*	*0*	*2,684,244*
Hotels in Europe	*4,931,491*	*0*	*41,796*	*-2,150*	*137,732*	*-24,577*	*-28,164*	*5,056,127*
German Residential	*7,894,014*	*-186*	*76,758*	*0*	*428,322*	*5,488*	*0*	*8,404,396*
Germany Offices	*1,313,140*	*0*	*7,274*	*0*	*-11,930*	*0*	*0*	*1,308,484*
Investment properties under development	1,707,376	0	136,680	0	70,549	68,822	0	1,983,427
France Offices	*1,169,860*	*0*	*84,417*	*0*	*64,133*	*136,110*	*0*	*1,454,520*
Italy Offices	*233,598*	*0*	*12,780*	*0*	*4,637*	*-29,917*	*0*	*221,098*
Hotels in Europe	*53,272*	*0*	*6,846*	*0*	*-442*	*0*	*0*	*59,676*
German Residential	*60,778*	*0*	*6,242*	*0*	*2,054*	*-37,371*	*0*	*31,703*
Germany Offices	*189,868*	*0*	*26,395*	*0*	*167*	*0*	*0*	*216,430*
Assets held for sale	**901,736**	**-613,227**	**1,876**	**-221,127**	**-2,929**	**162,255**	**0**	**228,584**
France Offices	*625,499*	*-581,293*	*2,020*	*-5,518*	*-1,255*	*2,279*	*0*	*41,732*
Italy Offices	*68,842*	*0*	*-105*	*-54,284*	*-10,345*	*103,398*	*0*	*107,506*
Hotels in Europe	*154,787*	*0*	*-39*	*-126,836*	*6,198*	*24,660*	*0*	*58,770*
German Residential	*20,078*	*0*	*0*	*-34,195*	*2,473*	*31,918*	*0*	*20,274*
Germany Offices	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Other borrowings	*32,530*	*-31,934*	*0*	*-294*	*0*	*0*	*0*	*302*
TOTAL	**24,058,957**	**-564,353**	**283,770**	**-316,816**	**646,576**	**-52,476**	**-28,164**	**24,027,493**

The amounts in the “disposals” column correspond to the appraisal values published on 31 December 2021.

3.2.5.1.4 Investment properties under development

Properties under development relate to building or redevelopment programmes that fall within the application of IAS 40 (revised).

(In € thousand)	31/12/2021	Acquisitions and works	Capitalised interest	Change in fair value	Transfers and disposals	Change in scope	30/06/2022
France Offices	**1,169,860**	**73,480**	**10,937**	**64,133**	**136,110**	**0**	**1,454,520**
Italy Offices	**233,598**	**10,208**	**2,572**	**4,637**	**-29,917**	**0**	**221,098**
Hotels in Europe	**53,272**	**6,236**	**610**	**-442**	**0**	**0**	**59,676**
Germany Offices	**189,868**	**23,691**	**2,704**	**167**	**0**	**0**	**216,430**
German Residential	**60,778**	**6,242**	**0**	**2,054**	**-37,371**	**0**	**31,703**
CONSOLIDATED TOTAL	**1,707,376**	**119,857**	**16,823**	**70,549**	**68,822**	**0**	**1,983,427**

The "Transfers and disposals" column includes the delivery of three assets for -€108 million (one asset in France Offices, one asset in Italy Offices and one asset in German Residential) and the transfer of two assets for €177 million feeding the buildings under development pipeline.

3.2.5.1.5 Expertise parameter

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 detail, by operating segment, the ranges of the main unobservable inputs (level 3) used by the real estate appraisers:

France Offices, Italy Offices and Germany Offices

Grouping of similar assets	Level	Portfolio (in €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	606	2.9%-6.5%	3.0%	3.3%-7.0%	4.7%
North Eastern Paris	Level 3	436	3.8%-7.3%	5.0%	3.8%-7.0%	5.0%
Southern Paris	Level 3	347	3.1%-5.0%	4.6%	3.5%-5.3%	3.9%
Western Crescent	Level 3	1,051	3.4%-6.3%	4.6%	3.5%-7.3%	5.4%
Inner rim	Level 3	1,097	3.8%-8.4%	5.1%	3.8%-7.0%	4.7%
Outer rim	Level 3	34	6.3%-10.0%	6.9%	4.0%-9.3%	6.3%
Total Paris Regions		**3,570**	**2.9%-10.0%**		**3.3%-9.3%**	
Major Regional Cities	Level 3	766	3.8%-13.2%	3.9%	3.8%-9.0%	5.4%
Other French regions	Level 3	26	5.0%-9.8%	6.0%	4.3%-11.0%	6.3%
Total Regions		**792**	**3.8%-13.2%**		**3.8%-11.0%**	
Development portfolio		1,455				
Other assets held for sale		42				
Total France Offices		**5,858**				
Milan	Level 3	1,822	2.8%-8.8%	4.8%	4.7%-6.4%	5.4%
Rome	Level 3	180	2.8%-6.1%	4.8%	5.2%-6.5%	6.2%
Other	Level 3	790	4.5%-8.2%	5.9%	5.4%-6.9%	6.3%
Total in operation		**2,792**				
Development portfolio	Level 3	221			6.7%-9.2%	
Total Italy Offices		**3,013**				
Berlin	Level 3	45	5.4%-5.9%	5.7%	3.4%-3.9%	3.7%
Düsseldorf	Level 3	322	4.8%-4.9%	4.8%	4.1%-4.2%	4.1%
Frankfurt	Level 3	511	5.2%-6.2%	5.4%	4.4%-5.0%	4.5%
Hamburg	Level 3	303	4.4%-5.4%	4.6%	3.8%-4.5%	3.9%
Munich	Level 3	114	4.7%-6.3%	5.3%	4.1%-4.8%	4.3%
Total in operation		**1,295**	**4.4%-6.3%**	**5.1%**	**3.4%-5.0%**	
Development portfolio	Level 3	216				
Use rights	Level 3	13				
Total Germany Offices		**1,525**				
TOTAL OFFICES		**10,396**				

Hotels in Europe

Grouping of similar assets	Level	Portfolio (in €M)	Yield rate excluding duties (min.-max.)	Yield rate excluding duties (weighted average)	Discounted cash flow rate	Discounted cash flow rate (weighted average)
Germany	Level 3	671	3.8%-5.2%	4.5%	4.0%-6.2%	5.3%
Belgium	Level 3	245	5.4%-6.9%	6.2%	7.1%-8.5%	7.9%
Spain	Level 3	646	3.9%-7.0%	5.2%	5.2%-8.5%	6.6%
France	Level 3	1,689	3.5%-7.4%	4.5%	4.3%-8.0%	5.8%
Netherlands	Level 3	161	4.5%-5.7%	4.7%	5.7%-7.6%	6.0%
UK	Level 3	817	4.0%-6.4%	4.7%	6.0%-8.4%	6.7%
Others	Level 3	583	4.4%-6.8%	5.3%	6.4%-8.2%	7.2%
Hotel Lease properties	**Level 3**	**4,811**	**3.5%-7.4%**	**4.8%**	**4.0%-8.5%**	**6.3%**
Retail	Level 3	56	5.5%-8.5%	6.5%	7.1%-11.2%	8.4%
TOTAL IN OPERATION		**4,868**				
Development portfolio	Level 3	60	4.4%	4.4%	6.0%	6.0%
Use rights	Level 3	247				
TOTAL HOTELS IN EUROPE		**5,175**				

German Residential

Grouping of similar assets	Level	Portfolio (in €M)	Yield rate[1] Total portfolio	Yield rate[1] Block valued properties	Discounted cash flow rate	Average value (in €/m²)
Duisburg	Level 3	375	3.1%-4.5%	3.1%-4.5%	4.6%-6.0%	1,836
Essen	Level 3	907	2.5%-4.6%	2.5%-4.6%	4.0%-6.1%	2,304
Mülheim	Level 3	247	3.0%-4.6%	3.0%-4.6%	4.2%-5.8%	1,944
Oberhausen	Level 3	202	3.3%-5.5%	3.3%-5.5%	4.6%-6.7%	1,588
Datteln	Level 3	174	2.8%-4.2%	2.8%-4.2%	4.3%-5.7%	1,533
Berlin	Level 3	4,843	1.6%-4.4%	1.6%-4.4%	3.6%-6.1%	3,550
Düsseldorf	Level 3	230	2.2%-3.3%	2.2%-3.3%	3.9%-5.0%	3,285
Dresden	Level 3	519	2.4%-3.9%	2.4%-3.9%	3.7%-5.4%	2,643
Leipzig	Level 3	157	2.1%-3.8%	2.1%-3.8%	3.6%-5.3%	2,273
Hamburg	Level 3	641	1.7%-2.9%	1.7%-2.9%	3.4%-4.7%	4,456
Others	Level 3	161	2.6%-4.2%	2.6%-4.2%	4.2%-5.4%	2,285
TOTAL GERMAN RESIDENTIAL		**8,456**	**1.6%-5.5%**	**1.6%-5.5%**	**3.4%-6.7%**	

(1) Rate of return: potential yield rates 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

(In € million)	Yield[1]	Yield rate -50 bps	Yield rate +50 bps
France Offices[2]	4.5%	550.5	-440.4
Italy Offices	5.1%	303.5	-249.3
Hotels in Europe[2]	5.2%	517.8	-427.0
German Residential	3.3%	1,504.4	-1,108.5
Germany Offices	3.8%	196.2	-150.6
TOTAL[2]	**4.3%**	**3,072.4**	**-2,375.7**

The calculation of the yield rate in Hotels in Europe is based on the 2019 variable rents.

(1) Yield on operating portfolio – excl. duties.
(2) Including assets held by equity affiliates, excl. operating property assets.

- If the yield rate excluding taxes were to drop 50 bps (-0.5 points), the market value excluding taxes of the real estate assets would increase by €3,072 million.
- If the yield rate excluding taxes were to increase 50 bps (+0.5 points), the market value excluding taxes of the real estate assets would decrease by -€2,376 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

In € thousand	31/12/2021	Increase	Decrease	Scope change	Transfers	30/0620/22
Ordinary loans[1]	116,590	134	-11,353	-6,128	-7	99,236
Current accounts	0	0	0	0	0	0
Total loans	**116,590**	**134**	**-11,353**	**-6,128**	**-7**	**99,236**
Securities at historical cost[2]	21,421	4,136	-150	0	0	25,407
Receivables on financial assets[2]	8,695	0	-2	0	-900	7,793
TOTAL	**146,706**	**4,270**	**-11,505**	**-6,128**	**-907**	**132,436**
Impairment[3]	-8,917	-92	25	0	0	-8,984
NET TOTAL	**137,789**	**4,178**	**-11,480**	**-6,128**	**-907**	**123,452**

(1) Ordinary loans include receivables from equity investments in equity affiliates. The change for the period mainly concerns France Offices, of which a decrease of -€11 million following the disposal of the shares in Orianz and -€6 million following the transition to full consolidation of Factor E, an asset.

(2) Total other financial assets are broken down as follows:

- securities at historical cost: The change (+€4 million) is explained by the injection of funds in Italy Offices
- receivables on financial assets: the decrease mainly corresponds to receivables on disposals in Italy Offices (+€0.9 million) transferred in the short term.

(3) Including impairments on securities at historical cost held by Covivio in Italy (€1.5 million) and on receivables relating to financial assets (€7.5 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

(In € thousand)	% ownership	Operating segment	Country	31/12/2021	30/06/2022	Changes	Of which share of net income	Of which distribution and change in scope
SCI Factor E and SCI Orianz	34.69%	France Offices	France	17,431	0	-17,431	0	-17,431
Lenovilla (New Velizy)	50.10%	France Offices	France	65,000	70,559	5,558	9,566	-4,008
Euromarseille (Euromed)	50.00%	France Offices	France	31,409	33,488	2,079	2,079	0
Cœur d'Orly (Askia and Belaïa)	50.00%	France Offices	France	30,437	36,307	5,870	5,870	0
Others		Italy Offices	Italy	38	40	2	2	0
Iris Holding France	19.90%	Hotels in Europe	Belgium, Germany	17,997	19,190	1,193	1,193	0
OPCI IRIS Invest 2010	19.90%	Hotels in Europe	France	29,245	31,749	2,504	2,901	-397
OPCI Camp Invest	19.90%	Hotels in Europe	France	22,877	23,456	578	2,293	-1,715
Dahlia	20.00%	Hotels in Europe	France	18,470	20,659	2,189	2,189	0
Phoenix	31.15% and 33.33%	Hotels in Europe	France, Belgium	107,226	110,886	3,660	5,100	-1,440
TOTAL				**340,131**	**346,333**	**6,202**	**31,193**	**-24,991**

The investments in equity affiliates at 30 June 2022 amounted to €346.3 million, compared with €340.1 million as at 31 December 2021, *i.e.* a decrease of €6.2 million.

The change for the period is mainly due to the disposal in France Offices of a stake in a company (-€10.9 million), the change in consolidation method following the additional acquisition of the shares of an asset bearing company (-€6.5 million), the distribution of dividends (-€7.6 million) and the income for the period (+€31.2 million).

3.2.5.3.3 Breakdown of shareholder structure in the main associates and joint ventures

Ownership	Cœur d'Orly	Group Euromed	SCI Lenovilla (New Velizy)
Covivio	**50.0%**	**50.0%**	**50.09%**
Non-Group third parties	**50.0%**	**50.0%**	**49.91%**
Crédit Agricole Assurances		50.0%	49.91%
Aéroports de Paris	50.0%		
TOTAL	**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 consignation					37.7%	33.3%	33.3%
Prédica	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

(In € thousand)	Asset name	Total balance sheet	Total non-current assets	Cash and cash equivalents	Total non-current liabilities excluding financial debt	Total current liabilities excluding financial debt	Financial payables	Rental income	Cost of net financial debt	Consolidated net income
Cœur d'Orly (Askia and Belaïa)	Cœur d'Orly	175,157	153,649	13,790	1,392	7,885	93,265	3,601	-380	11,740
Lenovilla (New Velizy)	New Velizy and extension	296,797	283,256	11,566	0	1,526	154,424	6,195	-735	19,096
Euromarseille (Euromed)	Euromed Center	141,979	125,485	12,591	550	5,069	70,135	2,432	-142	4,158
Iris Holding France	Hotels AccorHotels	229,814	206,118	22,856	21,255	2,563	109,421	4,178	-1,450	5,996
OPCI IRIS Invest 2010	Hotels AccorHotels	280,660	255,336	13,557	0	11,326	109,791	6,543	-1,028	14,577
OPCI Camp Invest	Campanile Hotels	199,924	132,475	10,354	0	9,819	72,236	6,420	-796	11,525
Dahlia	Hotels AccorHotels	179,013	172,618	2,364	0	2,810	72,908	3,411	-812	10,946
OPCI Oteli, Jouron, Kombon	Hotels AccorHotels	562,224	529,023	23,473	24,130	16,380	174,500	11,620	-1,146	16,097

3.2.5.4 Deferred taxes on the reporting date

		Increase			Decrease				
(In € thousand)	Balance sheet as at 31/12/2021	Net income for the period	Shareholder's equity	Other changes and transfers	Net income for the period	Difference in rates	Shareholder's equity	Change in exchange rate	Balance sheet as at 30/06/2022
DTA									
Losses carried forward	94,849	1,215		-20	-3,260	-1,671			91,113
Fair value of properties	50,814	3,134		-513	-9,772				43,663
Derivatives	7,799	1,783		-578	-6,023				2,981
Temporary differences	19,344	904		1,125	-1,910			2	19,465
	172,806								**157,222**
DTA/DTL offset	-66,402								-61,553
TOTAL DTA	**106,404**	**7,036**	**0**	**14**	**-20,965**	**-1,671**	**0**	**2**	**95,669**

		Increase			Decrease				
(In € thousand)	Balance sheet as at 31/12/2021	Net income for the period	Shareholder's equity	Other changes and transfers	Net income for the period	Difference in rates	Shareholder's equity	Change in exchange rate	Balance sheet as at 30/06/2022
DTL									
Fair value of properties	1,261,965	107,053		-699	-2,969	-1,624		-904	1,362,822
Derivatives	1,914	17,466							19,380
Temporary differences	24,159	1,843		712	-2,738	-47		4	23,933
	1,288,038								**1,406,135**
DTA/DTL offset	-66,402								-61,553
Total DTL	**1,221,636**	**126,362**	**0**	**13**	**-5,707**	**-1,671**	**0**	**-900**	**1,344,582**
NET TOTAL	**-1,115,232**	**-119,327**	**0**	**1**	**-15,258**	**0**	**0**	**902**	**-1,248,914**
		Impact on the income statement:		**-134,585**		**Negative net balance = liabilities**			
		Of which DTA on the corporation tax line		**-356**					

At 30 June 2022, the consolidated deferred tax position showed a deferred tax asset of €95.7 million (*versus* €106.4 million as at 31 December 2021) and a deferred tax liability of €1,344.6 million (*versus* €1,221.6 million as at 31 December 2021).

The primary contributors to the net balance of deferred tax liabilities are:

- German Residential: €950 million
- Hotels in Europe: €249 million
- Germany Offices: €46 million
- Italy Offices: €4 million

The increase in net deferred tax liabilities (+€133.7 million) is mainly due to the impact of deferred taxes relating to increases in appraisal values in Germany and in the United Kingdom (+€90.0 million), to increases in derivatives in Germany (+€15.3 million) and to the clarifications issued in Italy on the calculation of the substitutive tax of 3% (+€14.4 million).

The impact on income is detailed in paragraph 3.2.6.9.2.

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.

3.2.5.5 Short-term loan

(In € thousand)	31/12/2021	Change in scope	Increase	Decrease	Transfers	30/06/2022
Short-term loan	34,344	-23	5,583	-5,720	7	34,191
TOTAL	**34,344**	**-23**	**5,583**	**-5,720**	**7**	**34,191**
Write-downs	0	0	0	0	0	0
NET TOTAL	**34,344**	**-23**	**5,583**	**-5,720**	**7**	**34,191**

3.2.5.6 Inventories and work-in-progress

3.2.5.6.1 Accounting principles applicable to inventories

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.

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).

3.2.5.6.2 Inventories and work-in-progress

(In € thousand)	30/06/2022 net	31/12/2021 net	Change
Real estate company trading properties	**15,795**	**18,625**	**-2,830**
Miscellaneous inventories (raw materials, goods)	**2,014**	**1,903**	**111**
France Offices	52,834	43,685	9,149
Italy Offices	1,368	732	636
German Residential	111,460	145,786	-34,326
Germany Offices	0	1,243	-1,243
Real estate trading properties	**165,662**	**191,446**	**-25,784**
TOTAL INVENTORIES AND WORK-IN PROGRESS	**183,471**	**211,974**	**-28,503**

The balance sheet item "Inventories and work-in-progress" groups together inventories from trading activities in Italy Offices (€15.8 million), and assets dedicated to the real estate development business for €165.7 million.

In France, real estate development inventories consist exclusively of projects to transform office buildings or land reserves into residential units. When a development margin can be generated (depending on the percentage of completion and marketing) the stock decreases accordingly. The increase (+€ 9.1 million) is linked to the works (+€14.6 million) and the inventory removal during the period (-€5.5 million).

The decrease in inventories in German Residential (-€34.3 million) is linked to work on development assets (+€12.7 million), the disposal of development assets (-€29.4 million) and reclassification as operating property (-€17.7 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.

The usual impairment rules have been tightened in the context of the Covid-19 crisis. For unpaid bills relating to this crisis, impairments were recorded depending on the size of the tenant, its activity and the lease negotiations in progress.

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

(In € thousand)	30/06/2022	31/12/2021	Change
Expenses to be reinvoiced to tenants	311,541	216,066	95,475
Rent-free periods	12,488	14,934	-2,446
Trade receivables	210,350	190,282	20,068
TOTAL TRADE RECEIVABLES	**534,379**	**421,282**	**113,097**
Impairment of receivables	-36,336	-48,808	12,472
NET TOTAL TRADE RECEIVABLES	**498,043**	**372,474**	**125,569**

The change in expenses to be re-invoiced to tenants (+€95.5 million) is mainly related to the re-invoicing of full-year property taxes (+€23.9 million) and the re-invoicing of expenses in Germany (+€37.7 million).

The increase in gross receivables (+€20.1 million) is mainly due to receivables from the Property Development activity in France Offices.

Impairment for trade receivables decreased by €12.5 million, of which (+€10.4 million) in Hotels in Europe following the payment of all unpaid receivables from a tenant.

The line "Change in working capital requirements on continuing operations" on the Cash Flow Statement consists of:

(In € thousand)	30/06/2022	31/12/2021	30/06/2021
Impact of changes in inventories and work in progress	7,831	21,762	31,693
Impact of changes in trade & other receivables	-115,769	-1,821	-152,157
Impact of changes in trade & other payables	69,201	13,459	106,099
CHANGE IN WORKING CAPITAL REQUIREMENTS ON CONTINUING OPERATIONS (INCLUDING EMPLOYEE BENEFITS LIABILITIES)	**-38,737**	**33,400**	**-14,365**

3.2.5.8 Other receivables

(In € thousand)	30/06/2022	31/12/2021	Change
Receivables on the State	87,283	93,308	-6,024
Other receivables	62,985	73,322	-10,337
Security deposits received (short-term)	114,980	114,926	54
Current accounts	5,548	5,790	-242
TOTAL	**270,796**	**287,346**	**-16,549**

- €87.3 million in government receivables comprise mainly VAT receivables.

3.2.5.9 Cash and cash equivalents

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

(In € thousand)	30/06/2022	31/12/2021
Cash equivalents	583,265	626,318
Cash at bank	452,395	436,675
TOTAL	**1,035,660**	**1,062,993**

At 30 June 2022, the cash equivalents consist mainly of Level 1 standard money-market collective investment vehicles (SICAV) and Level 2 term deposits.

- 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).

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 equity are presented in note 3.1.4.

The Covivio equity was 94,724,866 shares issued and fully paid up each with a par value of €3, *i.e.* €284.2 million at 30 June 2022. Covivio holds 960,537 treasury shares.

Changes in the number of shares during the period

Transaction	Shares issued	Treasury shares	Shares outstanding
Number of shares at 31 December 2021	**94,648,691**	**360,298**	**94,288,393**
Capital increase – delivery of free share plan	76,175		
Capital increase – dividend in shares			
Treasury shares – liquidity agreement		16,613	
Treasury shares – employee award		618,267	
Treasury shares – pending allocation		-34,641	
NUMBER OF SHARES AT 30 JUNE 2022	**94,724,866**	**960,537**	**93,764,329**

The dividend of €353 million was paid in cash and was taken from the 2021 net income, premiums and retained earnings.

Reserves correspond to parent company retained earnings and reserves, together with reserves from consolidation.

The line Other mainly includes movements in treasury shares for the period (-€38.6 million).

The change in non-controlling interests (+€178.6 million) is mainly due to distributions for the period (-€145 million), the total comprehensive income for the period attributable to non-controlling interests (+€463.3 million), the capital increase of Covivio Alexanderplatz (+€2.9 million), the buyback of shares from minority shareholders of a hotel in Europe before the completion of the universal transfer of assets (-€7.3 million) and the disposal of two companies in France Offices (-€137.7 million).

The line "Amounts received from shareholders during capital increases paid by non-controlling interests" of the cash flow statement (€2.9 million) corresponds mainly to the amounts received during the capital increases of Covivio Alexanderplatz.

3.2.5.11 Statement of debt

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".

The Group companies hold movable and immovable assets through rental contracts (construction leases and long-term leases, premises, company vehicles, car parks). At the lease commencement date, the lessee 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.

Certain financial instruments in Italy Offices are eligible for hedge accounting within the meaning of 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.

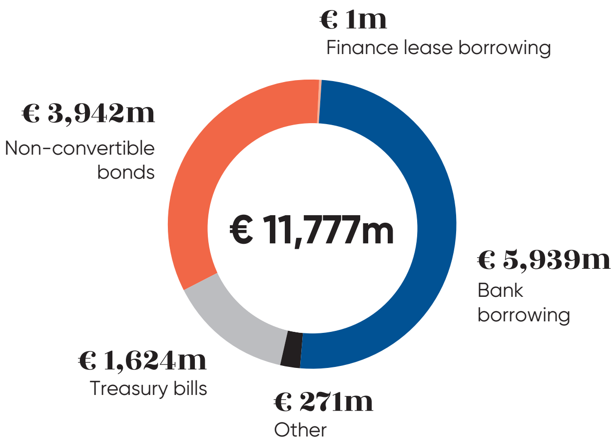
All derivative instruments in the other segments are therefore recognised at their fair value, and changes are reflected in the income statement.

3.2.5.11.2 Table of debts and net financial debt

(In € thousand)	31/12/2021	Increase	Decrease	Change in scope	Change in exchange rate	Other changes	30/06/2022
Bank borrowing	6,023,521	318,153	-407,758	16,634	-11,176	1	5,939,376
Finance lease borrowing	8,231	0	-7,637	0	0	-1	593
Other borrowings	280,099	18,299	-25,083	-6,508	-0	222	267,029
Treasury bills	1,458,400	165,600	0	0	0	0	1,624,000
Securitised loans	3,977	0	0	0	0	0	3,977
Non-convertible bonds	4,069,001	0	-126,873	0	0	0	3,942,128
Subtotal Interest-bearing loans	**11,843,229**	**502,052**	**-567,351**	**10,126**	**-11,176**	**222**	**11,777,103**
Accrued interest	49,781	41,535	-52,487	439	0	-221	39,047
Deferral of loan expenses	-60,798	6,845	-2,392	-98	-47	0	-56,491
Creditor banks	943	0	0	0	0	53,322	54,265
TOTAL BORROWINGS (LT/ST)	**11,833,155**	**550,432**	**-622,230**	**10,467**	**-11,223**	**53,323**	**11,813,924**
of which Long-term	**10,057,558**						**9,797,973**
of which Short-term	**1,775,597**						**2,015,951**
Valuation of financial instruments	136,294	0	0	2,022	0	-453,268	-314,952
TOTAL DERIVATIVES	**136,294**	**0**	**0**	**2,022**	**0**	**-453,268**	**-314,952**
of which Assets	**-64,479**						**-519,875**
of which Liabilities	**200,773**						**204,923**
TOTAL BANK DEBT	**11,969,449**	**550,432**	**-622,230**	**12,489**	**-11,223**	**-399,945**	**11,498,972**

New financing taken out during the fiscal year is presented in 3.2.2.2 – Liquidity risk and in 3.2.5.11.3 – Bank borrowings.

Debt by type at 30 June 2022 *(in €M)*



Net financial debt at 30 June 2022

(In € thousand)	30/06/2022	31/12/2021	30/06/2021
Gross cash (a)	1,035,660	1,062,993	1,117,523
Debit balances and bank overdrafts from continuing operations (b)	-54,265	-943	-149,562
Net cash and cash equivalents (c) = (a) - (b)	**981,395**	**1,062,050**	**967,961**
Of which available net cash and cash equivalents	***979,845***	***1,060,791***	***966,702***
Of which unavailable net cash and cash equivalents	***1,550***	***1,259***	***1,259***
Gross debt (d)	11,816,150	11,893,010	12,176,198
Amortisation of financing costs (e)	-56,491	-60,798	-61,376
NET DEBT (D) - (C) + (E)	**10,778,264**	**10,770,162**	**11,146,861**

The "Proceeds related to new borrowings" line in the Statement of Cash Flows (+€506.6 million) mainly corresponds to:

- increases in interest-bearing borrowings (+€502.1 million)
- increases in rental liabilities (+€6.9 million)
- less new loan issue costs (-€2.4 million).

The "Repayments of borrowings" line item of the Statement of Cash Flows (-€574.8 million) corresponds mainly to decreases in interest-bearing borrowings (-€567.4 million) and reductions in rental liabilities (-€7.4 million).

3.2.5.11.3 Bank borrowing

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):

(In € thousand)	Outstanding debt (> or < €100 M)	Debt	Appraisal value at 30/06/2022[1]	Outstanding debt at 30/06/2022	Date of signature	Initial Nominal	Maturity
France Offices		€280 M – CB 21 Tower		252,100	29/07/2015	280,000	29/07/2025
		€300 M – Orange		300,000	18/02/2016	300,000	30/06/2028
		€165 M – DS Campus		162,938	25/02/2021	165,000	23/02/2029
	> €100 M		**1,933,780**	**715,038**			
	< €100 M		**256,850**	**120,554**			
		Total France Offices	**2,190,630**	**835,592**			
Italy Offices		€804 M Central		363,069	15/09/2016	754,000	14/09/2024
	> €100 M	**Total Italy Offices**	**1,100,260**	**363,069**			
Hotels in Europe		€290 M – OPCI B2 HI (B&B)		123,323	10/05/2017	290,000	10/05/2024
		£400 M – Rocky		464,893	24/07/2018	475,145	24/07/2026
		€130 M – Ref 1		128,399	04/04/2019	130,000	03/04/2026
		€178 M – ParkInn Alexanderplatz Berlin		175,597	30/12/2019	178,000	30/12/2029
	> €100 M		**1,799,098**	**892,212**			
	< €100 M		**1,770,062**	**488,558**			
		Total Hotels Europe	**3,569,161**	**1,380,770**			

(In € thousand)	Outstanding debt (> or < €100 M)	Debt	Appraisal value at 30/06/2022[1]	Outstanding debt at 30/06/2022	Date of signature	Initial Nominal	Maturity
German Residential		Cornerstone		145,589	01/10/2014	136,737	30/06/2025
		Refinancing Wohnbau/Dümpten/Aurélia/Duomo		167,207	20/01/2015	370,000	30/01/2025
		Quadriga		145,757	16/06/2015	197,983	31/03/2026
		Amadeus refinancing		139,360	28/10/2015	147,095	30/04/2026
		Lego		149,064	24/06/2016	195,003	30/09/2024
		Refinancing KG2		102,798	26/01/2017	140,000	29/01/2027
		Refinancing Indigo, Prime		251,062	09/07/2019	229,221	30/09/2029
		Refinancing KG1		120,662	20/09/2019	125,000	30/09/2029
		Refinancing KG4		239,393	30/03/2020	248,130	29/03/2030
		Refinancing KG Residential		126,100	30/11/2020	130,000	15/10/2030
		Refinancing Arielle/Dresden/Maria		147,143	21/05/2021	129,483	15/05/2031
	> €100 M		**5,296,532**	**1,734,135**			
	< €100 M		**2,737,544**	**991,932**			
		Total German Residential	**8,034,076**	**2,726,067**			
Germany Offices	**> €100 M**	Godewind-Frankfurt Airport Center	254,100	130,000	17/12/2019	130,000	30/12/2025
	< €100 M		1,177,260	463,799			
		Total Germany Offices	**1,431,360**	**593,799**			
TOTAL COLLATERAL			**16,325,487**	**5,899,297**			
France Offices		Treasury bills		1,624,000			
		€500 M – Green bond		500,000	20/05/2016	500,000	20/05/2026
		€500 M – Bond		595,000	21/06/2017	500,000	21/06/2027
		€500 M – Green bond		500,000	17/09/2019	500,000	17/09/2031
		€500 M – Bond		500,000	23/06/2020	500,000	23/06/2030
		€100 M – Green PP		100,000	20/01/2021	100,000	20/01/2033
		Italy Offices reallocation		-365,414			
	> €100 M			**3,453,586**			
		Total France Offices	**4,005,963**	**3,453,586**			
Italy Offices		€300 M – Bond		300,000	17/10/2017	300,000	17/10/2024
		€300 M – Bond		300,000	20/02/2018	300,000	20/02/2028
		France Offices reallocation		365,414			
	> €100 M		**2,051,645**	**965,414**			
	< €100 M			**2,104**			
		Total Italy Offices	**2,051,645**	**967,518**			
Hotels in Europe		€200 M – Private investment		200,000	29/05/2015	200,000	29/05/2023
		€350 M – Edinburgh		350,000	24/09/2018	350,000	24/09/2025
		€599 M – Bond		599,000	27/07/2021	599,000	27/07/2029
	> €100 M			**1,149,000**			
	< €100 M			**40,714**			
		Total Hotels Europe	**2,621,839**	**1,189,714**			
German Residential	**< €100 M**	**Total German Residential**	**271,082**	**0**			
Germany Offices	**< €100 M**	**Total Germany Offices**	**270,180**	**0**			
Other borrowings	**< €100 M**	**France Residential**	**302**	**0**			
		Car parks	**2,691**	**0**			
		Total Other	**2,993**	**0**			
TOTAL UNENCUMBERED			**9,223,702**	**5,610,818**			
		Other liabilities		266,988			
TOTAL			**25,549,189**	**11,777,103**			

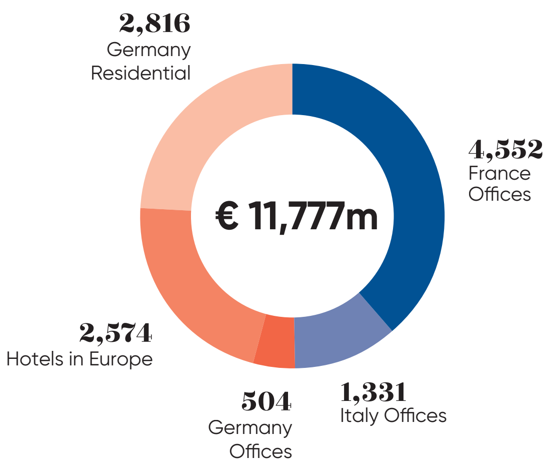
(1) The portfolio includes the fair value of assets operated directly by the company (head office, Flex Office) but does not include real estate inventories (trading, development) and the share of fair value of assets consolidated using the equity method.

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

(In € thousand)	Outstandings at 30/06/2022	Delivery date at -1 year	Outstanding at 30/06/2023	Maturity from 2 to 5 years	Outstanding at 30/06/2027 (more than 5 years)
Fixed-rate financial liabilities	**6,158,702**	**277,574**	**5,881,128**	**3,010,084**	**2,871,045**
France Offices – Bank borrowings	149,145	1,004	148,141	4,016	144,125
France Offices – Other	263,295	0	263,295	159,264	104,031
Germany Offices – Bank borrowings	504,050	34,050	470,000	470,000	0
Hotels in Europe – Bank borrowings	138,883	22,384	116,499	36,610	79,889
Hotels in Europe – Other	3,686	0	3,686	3,686	0
German Residential – Bank borrowings	1,153,493	18,029	1,135,463	591,496	543,967
German Residential – Other	46	2	44	11	33
Total borrowings and convertible bonds	**2,212,597**	**75,469**	**2,137,128**	**1,265,084**	**872,045**
France Offices – Bonds	1,829,586	0	1,829,586	1,095,000	734,586
Italy Offices – Bonds	965,414	0	965,414	300,000	665,414
Italy Offices – Securitisation	2,105	2,105	0	0	0
Hotels in Europe – Bonds	1,149,000	200,000	949,000	350,000	599,000
Total debts represented by securities	**3,946,105**	**202,105**	**3,744,000**	**1,745,000**	**1,999,000**
Floating-rate financial liabilities	**5,618,400**	**1,695,815**	**3,922,585**	**2,411,719**	**1,510,867**
France Offices – Bank borrowings	686,446	3,446	683,000	251,884	431,116
Italy Offices – Bank borrowings	363,069	8,414	354,655	354,655	0
Germany Offices – Other	5	5	0	0	0
Hotels in Europe – Bank borrowings	1,282,602	15,542	1,267,060	957,753	309,307
German Residential – Bank borrowings	1,662,278	86,408	1,575,870	805,427	770,444
Total borrowings and convertible bonds	**3,994,400**	**113,815**	**3,880,585**	**2,369,719**	**1,510,867**
France Offices – Treasury bills	1,624,000	1,582,000	42,000	42,000	0
Total debts represented by securities	**1,624,000**	**1,582,000**	**42,000**	**42,000**	**0**
TOTAL	**11,777,103**	**1,973,389**	**9,803,714**	**5,421,802**	**4,381,911**

Debt by operating segment at 30 June 2022 *(in €M)*



3.2.5.11.4 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:

(In € thousand)	31/12/2021 net	Change in scope and reclassification of liabilities held for sale	Premiums – Restructuring balances	Impact on P&L	Impact on shareholders' equity	30/06/2022 net
France Offices	-58,045	-2,022	20,348	136,230		96,511
Italy Offices	-8,834		343	3,900	15,073	10,482
Germany Offices	621			6,873		7,495
Hotels in Europe	-50,317		11,797	138,305	5,898	105,683
German Residential	-19,719		159	114,342		94,782
TOTAL	**-136,294**	**-2,022**	**32,647**	**399,650**	**20,971**	**314,953**
					Of which Cash instruments - Liabilities	**-204,922**
					Cash instruments – Assets	**519,875**

The total impact of the value adjustments on the derivatives on the income statement was +€399.7 million. In accordance with IFRS 13, the fair values include the counterparty default risk (-€15.9 million).

The impact on shareholder's equity of +€5.9 million on the Hotels in Europe line corresponds to the change in the exchange rate of Cross Currency Swaps used to hedge net investments in the United Kingdom.

The "Unrealised gains and losses relating to changes in fair value" line item in the Statement of Cash Flows (-€1,046.2 billion), which makes it possible to calculate cash flows from operating activities, mainly incorporates the impact of changes in the value of cash instruments (-€399.7 million), and the change in the value of the portfolio (-€646.5 million).

Breakdown of hedging instruments by maturity of notional values:

(In € thousand)	At 30/06/2022	At less than one year	From 1 to 5 years	At more than 5 years
Fixed hedge				
Fixed rate payer swap	5,425,641	-188,902	1,856,543	3,758,000
Fixed rate receiver swap	2,668,344	100,000	1,508,344	1,060,000
TOTAL SWAP	**2,757,297**	**-288,902**	**348,199**	**2,698,000**
Optional hedge				
Fixed pay swaption purchase	0	0	0	0
Fixed borrower swaption sale	200,000	0	0	200,000
Cap purchase	384,509	116,024	268,485	0
Floor purchase	128,000	0	128,000	0
Floor sale	33,000	0	33,000	0
TOTAL	**8,839,494**	**27,122**	**3,794,372**	**5,018,000**

Hedge balance as at 30 June 2022

(In € thousand)	Fixed rate	Floating rate
Borrowings and financial debt (including creditor banks)	6,158,702	5,672,665
NET FINANCIAL LIABILITIES BEFORE HEDGING	**6,158,702**	**5,672,665**
Fixed hedge – Swaps		-2,757,297
Optional hedge – Caps		-384,509
Total hedges		**-3,141,806**
NET FINANCIAL LIABILITIES AFTER HEDGING	**6,158,702**	**2,530,859**

3.2.5.11.5 Rental liabilities

The balance of rental liabilities as at 30 June 2022 stood at €302.4 million, compared with €306.2 million at 31 December 2021, a fall of €3.8 million. Exchange rate fluctuations related to long-term leases in the United Kingdom amounted to -€3.2 million.

The increase in lease liabilities mainly relates to the indexation of leases in Spain.

At 30 June 2022, the interest expense relating to these rental liabilities was €7.6 million.

Breakdown of rental liabilities by maturity

(In € thousand)	At 30/06/2022	At less than one year	From 1 to 5 years	From 5 to 25 years	At more than 25 years
Lease liabilities on the balance sheet	302,415				
RENTAL LIABILITIES	**302,415**	**10,566**	**22,740**	**58,378**	**210,731**

3.2.5.11.6 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 (German 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 30 June 2022.

The most restrictive consolidated ICR covenants amounted to 200% for Covivio and Covivio Hotels at 30 June 2022.

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 30 June 2022, as they stood at 42.2% for Group Share LTV, 734% for Group Share ICR, and 4.7% 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	Covenant	Ratio
€300 M (2016) – Orange	Covivio	France Offices	≤ 60%	in compliance
€130 M (2019) – REF I	Covivio Hotels	Hotels in Europe	≤ 60%	in compliance
£400 M (2018) – Rocky	Covivio Hotels	Hotels in Europe	≤ 60%	in compliance

Consolidated ICR	Company	Scope	Covenant	Ratio
€300 M (2016) – Orange	Covivio	France Offices	≥ 200%	in compliance
€130 M (2019) – REF I	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.

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 fiscal 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.

3.2.5.12.2 Provisions

(In € thousand)	31/12/2021	Scope change	Charges	Reclu-stering	Change in actuarial gains and losses	Reversal of provision: Used	Reversal of provision: Unused	30/06/2022
Other provisions for litigation	3,158	0	656	0		-50	0	3,764
Provisions for guarantees	0	0	0				0	0
Provisions for taxes	9,797	0	115	0		-35	-141	9,736
Provisions for renovating sites	1,377	0	0	0		0	0	1,377
Other provisions	1,147	0	849	291		-1,426	1,134	1,995
Provisions sub-total – current liabilities	**15,479**	**0**	**1,620**	**291**	**0**	**-1,511**	**993**	**16,872**
Provisions for retirement benefit	51,754	0	764	0	0	-1,067	-80	51,371
Provisions for long-service awards	1,583	0	0			-180	-48	1,355
Sub-total Provisions – non-current liabilities	**53,337**	**0**	**764**	**0**	**0**	**-1,247**	**-128**	**52,726**
TOTAL PROVISIONS	**68,816**	**0**	**2,384**	**291**	**0**	**-2,758**	**865**	**69,598**

The provisions for litigation are broken down into €2.6 million for France Offices, €0.3 million for Italy Offices, €0.7 million for Hotels in Europe and €0.1 million for others.

Provisions for taxes concern the Hotels in Europe for €8.9 million (of which €7.7 million relating to tax risks in operating properties), the Italy Offices for €0.6 million and the Germany Offices for €0.2 million.

The provision for retirement indemnities totalled €51.4 million at 30 June 2022 (including €48 million for German 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: 2.04% (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	German Residential 30/06/2022	German Residential 31/1220/21	Germany Offices 30/06/2022	Germany Offices 31/12/2021
Discount rate	1.10%	1.10%	0.85%	0.85%
Annual wage growth	2.5%	2.5%	1.50%	1.50%
Rate of social security charges	1%/2%	1%/2%		
Impact of provisions for retirement benefits on the income statement (in €k)				
Cost of services rendered during the fiscal year	-499	-628	0	0
Financial cost	-265	-433	0	-2
Effects of plan reductions/settlements	0	0	0	0
TOTAL IMPACT ON THE INCOME STATEMENT	**-764**	**-1,061**	**0**	**-2**

3.2.5.13 Other short-term liabilities

(In € thousand)	30/06/2022	31/12/2021	Change
Social debt	40,557	35,232	5,325
Tax payables	71,050	45,487	25,564
Exit tax < 1 year	0	2,217	-2,217
Current accounts – liabilities	1,559	5,430	-3,871
Dividends to be paid	26	27	-1
Other liabilities	54,236	30,861	23,375
TOTAL	**167,428**	**119,254**	**48,174**

3.2.3.14 Recognition of financial assets and liabilities

			Amount appearing in the valued statement of financial position			
Categories according to IFRS 9	Item concerned in the statement of financial position (in €k)	30/06/2022 net	At amortised cost	At fair value through shareholders' equity	At fair value through the income statement	Fair value
Assets at amortised cost	Non-current financial Assets	23,916	23,916			23,916
Loans and receivables	Non-current financial Assets	99,536	99,536			99,536
	TOTAL NON-CURRENT FINANCIAL ASSETS	**123,452**	**123,452**			**123,452**
Loans and receivables	Trade receivables[1]	485,555	485,555			485,555
Assets at fair value through net income	Derivatives at fair value through profit or loss	519,875			519,875	519,875
Assets at fair value through net income	Cash equivalents	583,265			583,265	583,265
TOTAL FINANCIAL ASSETS		**1,712,147**	**609,007**	**0**	**1,103,140**	**1,712,147**
Liabilities at amortised cost	Financial payables	11,777,103	11,777,103			11,299,507 [2]
Liabilities at fair value through profit or loss	Financial instruments	204,923		10,482	194,441	204,923
Liabilities at amortised cost	Security deposits	31,889	31,889			31,889
Liabilities at amortised cost	Trade payables	277,345	277,345			277,345
TOTAL FINANCIAL LIABILITIES		**12,291,260**	**12,086,337**	**10,482**	**194,441**	**11,813,664**

(1) Excluding incentive.

(2) The difference between the net book value and the fair value of the fixed rate debt (based on market rates, but not on spread issuers) is €477,596 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.

(In € thousand)	Level 1	Level 2	Level 3	Total
Derivatives at fair value through profit or loss		519,875		519,875
Cash equivalents		583,265		583,265
TOTAL FINANCIAL ASSETS	**0**	**1,103,140**	**0**	**1,103,140**
Derivatives at fair value through profit or loss		204,923		204,923
TOTAL FINANCIAL LIABILITIES	**0**	**204,923**	**0**	**204,923**

3.2.6 Notes to the statement of net income

3.2.6.1 Accounting principles

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, the invoicing is quarterly except for the German Residential activity where the invoicing is monthly. 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.

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.

3.2.6.2 Operating income

3.2.6.2.1 Rental income

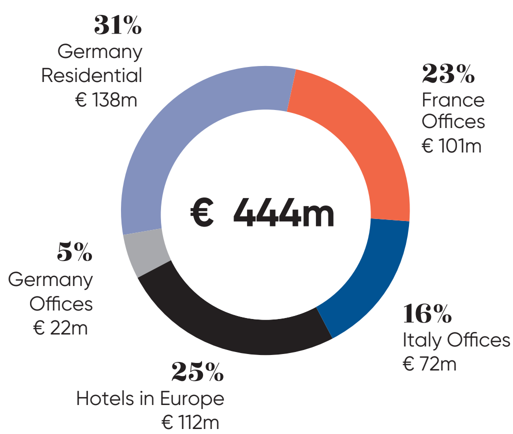
(In € thousand)	30/06/2022	30/06/2021	Change (in €k)	Change (in %)
France Offices	100,517	110,764	-10,247	-9.3%
Italy Offices	71,620	78,705	-7,085	-9.0%
Germany Offices	21,863	20,171	1,692	8.4%
Total Offices rental income	**194,000**	**209,640**	**-15,640**	**-7.5%**
Hotels in Europe	111,928	78,623	33,305	42.4%
German Residential	138,391	134,903	3,488	2.6%
Other (including French Residential)	9	18	-9	-50.0%
TOTAL RENTAL INCOME	**444,328**	**423,184**	**21,144**	**5.0%**

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 (-€10.2 million, *i.e.* -9.3%), mainly due to the impact of asset disposals (-€5.1 million) and vacancies (-€13.1 million) fuelling the development pipeline, partially offset by the delivery of the development portfolio in 2021 and 2022 (+€5.8 million)
- a decrease in rents for Italy Offices (-7.1 million, *i.e.* -9.0%), mainly due to disposals (-€9.7 million)
- an increase in rents for Germany Offices (+€1.7 million, *i.e.* +8.4%), mainly due to the decrease in vacancies
- an increase in rents for Hotels in Europe (+€33.3 million, *i.e.* +42.4%), mainly due to the impact of the recovery in activity on AccorInvest variable rents (+€15.8 million) and assets in the United Kingdom (+€16.4 million). As a reminder, as of 30 June 2021, no rental income has been recognised on assets in the United Kingdom due to the activation of the major under-performance clause
- an increase in rents in German Residential (+€3.5 million or +2.6%) mainly due to acquisitions (+€3.8 million).

Rental income in 2022 by operating segment *(in €M)*



3.2.6.2.2 Property costs

(In € thousand)	30/06/2022	30/06/2021	Change (in €k)	Change (in %)
Rental income	444,328	423,184	21,144	5.0%
Rebillable expenses	-88,889	-87,251	-1,638	1.9%
Income from rebilling of expenses	88,889	87,251	1,638	1.9%
Unrecovered property operating costs	-25,110	-22,891	-2,220	9.7%
Expenses on properties	-13,933	-14,451	518	-3.6%
Net losses on unrecoverable receivables	9,674	-2,079	11,753	n.a.
NET RENTAL INCOME	**414,959**	**383,764**	**31,195**	**8.1%**
REAL ESTATE EXPENSES RATE[1]	**-6.6%**	**-9.3%**		

(1) Restated for the reversal of the provision for impairment of receivables of €10.4 million on an asset in Spain, the property tax rate would be -9.0%.

- Unrecovered rental costs: These expenses correspond to charges on vacant premises. Unrecovered rental expenses are presented net of re-invoicing to the income statement.

  In accordance with IFRS 15, income from re-invoicing of rental expenses is presented separately above when the company acts as principal.
- 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 first half-year of 2022 was impacted by a reversal of impairments on doubtful receivables of +€10.4 million in Hotels in Europe, following the payment of unpaid rent in 2020 and 2021 by the tenant.

3.2.6.2.3 EBITDA from Hotel Operating activity and Flex Office and Income from other activities

(In € thousand)	30/06/22	30/06/21	Change (in €k)	Change (in %)
Revenues from Hotel Operating activity and Flex Office	99,688	30,147	69,541	230.7%
Operating expenses of Hotel Operating activity and Flex Office	-74,919	-29,723	-45,196	152.1%
EBITDA FROM HOTEL OPERATING ACTIVITY AND FLEX OFFICE	**24,769**	**424**	**24,345**	**N.A.**
Income from other activities	17,527	36,457	-18,930	-51.9%
Expenses of other activities	-4,860	-21,243	16,383	-77.1%
INCOME FROM OTHER ACTIVITIES	**12,667**	**15,214**	**-2,547**	**-16.7%**
TOTAL INCOME FROM OTHER ACTIVITIES	**37,436**	**15,638**	**21,798**	**139.4%**

- EBITDA from Hotel Operating activity and Flex Office consists of the EBITDA of the hotels under operation (+€19.2 million at 30 June 2022 *versus* -€3.8 million at 30 June 2021) and the income from Flex Office (+€5.5 million as at 30 June 2022 *versus* +€4.2 million as at 30 June 2021).

  The increase in EBITDA of hotels under management of +€23.0 million is linked to the recovery in activity. As a reminder, the first half-year of 2021 was severely impacted by the lockdown measures in Europe and the closure of certain hotels.

  Flex Office's results increased by +€1.3 million, driven by the opening of new sites in France and Italy in 2022.
- Income from other activities consists mainly of income from property development in Germany (€10.2 million), Italy (€0.2 million) and France (€1.5 million).

3.2.6.2.4 Net operating costs

These consist of head office expenses and operating costs net of revenues from management and administration activities.

(In € thousand)	30/06/2022	30/06/2021	Change (in €k)	Change (in %)
Management and administration income	7,199	5,863	1,336	22.8%
Business expenses	-2,384	-2,806	422	-15.1%
Overheads	-59,058	-57,238	-1,820	3.2%
TOTAL NET OPERATING COSTS	**-54,243**	**-54,181**	**-62**	**0.1%**

Overheads include personnel expenses, which are described in a specific analysis under section 3.2.7.1.1.

3.2.6.2.5 Depreciation of operating assets and net change in provisions and other

(In € thousand)	30/06/2022	30/06/2021	Change (in €k)
Depreciation of operating assets	-30,090	-38,616	8,526
Net change in provision and other	7,901	9,193	-1,292

Depreciation and amortisation of operating assets amounted to -€30.1 million at 30 June 2022, compared with -€38.6 million at 30 June 2021. This decrease of +€8.5 million is mainly due to the impact of the scrapping of fixed assets following the restructuring of a Flex Office building delivered in 2021 for +€7.1 million, and to the disposal of the car parks business for +€3.0 million.

The Net change in provisions and other items includes the rebilling of long-term leases conferring ad rem rights to tenants (€6.6 million as at 30 June 2022 *versus* €6.4 million as at 30 June 2021) 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 presented as a net change in provisions and others.

The line "Net depreciation, amortisation and provisions" of the cash flow table of €31.9 million mainly includes a depreciation of operating assets of €30.1 million.

3.2.6.3 Income from asset disposals

(In € thousand)	30/06/2022	30/06/2021	Change (in €k)	Change (in %)
Proceeds from asset disposals[1]	317,899	449,772	-131,873	-29.3%
Disposal values of assets sold[2]	-317,289	-441,130	123,841	-28.1%
NET INCOME FROM ASSET DISPOSALS	**610**	**8,642**	**-8,032**	

(1) Sale price net of disposal costs.
(2) Corresponds to the appraisal values published at 31 December 2021.

Income from asset disposals by business segment is shown in § 3.2.8.9.

3.2.6.4 Change in the fair value of assets

(In € thousand)	30/06/2022	30/06/2021	Change (in €k)
France Offices	52,809	35,966	16,843
Italy Offices	29,193	1,420	27,773
Hotels in Europe	143,488	-64,753	208,241
German Residential	432,849	459,658	-26,809
Germany Offices	-11,763	-10,790	-973
TOTAL CHANGE IN FAIR VALUE OF PROPERTIES	**646,576**	**421,501**	**225,075**

The €646.6 million positive change in the fair value of properties mainly relates to the German Residential portfolio for +€432.8 million (essentially assets located in Berlin).

3.2.6.5 Income from disposal of securities

Income from the disposal of securities mainly consists of income from the disposal of car parks for +€24.6 million.

3.2.6.6 Income from changes in scope & other

They mainly record the acquisition costs of consolidated equity investments, which, in accordance with IFRS 3 Business Combinations, must be recognized as expenses for the fiscal year.

The line "Impact of changes in the scope of consolidation related to investing activities" (§ 39 of IAS 7) of +€199.9 million corresponds mainly to the disposal of the car park companies and three companies in France Offices mitigated by the additional acquisition of shares in a France Offices company.

3.2.6.7 Cost of the net financial debt

(In € thousand)	30/06/2022	30/06/2021	Change (in €k)	Change (in %)
Interest income on cash transactions	5,788	5,009	779	15.6%
Interest expense on financing operations	-56,846	-58,938	2,092	-3.5%
Regular amortisations of loan issue costs	-6,160	-7,173	1,014	-14.1%
Net expenses on hedges	-13,276	-14,989	1,713	-11.4%
COST OF NET DEBT	**-70,493**	**-76,091**	**5,598**	**-7.4%**
AVERAGE ANNUAL RATE OF DEBT	**1.14%**	**1.19%**		

Excluding penalties and fixed-rate debt repurchase costs (€1.1 million at 30 June 2022 *versus* €1.6 million at 30 June 2021), the cost of debt decreased due to the decrease in the average interest rate on debt.

3.2.6.8 Net financial income

(In € thousand)	30/06/2022	30/06/2021	Change (in €k)	Change (in %)
Cost of net financial debt	***-70,493***	***-76,091***	***5,598***	***-7.4%***
Interest cost for rental liabilities	***-7,573***	***-7,228***	***-346***	***4.8%***
Change in the fair value of financial instruments	399,650	76,612	323,038	
Change in the fair value of ORNANEs	0	89	-89	
Changes in the fair value of financial instruments	***399,650***	***76,701***	***322,949***	
Foreign exchange gains and losses	-1,094	-771	-323	
Discounting and foreign exchange gains or losses	***-1,094***	***-771***	***-323***	
Exceptional amortisation of loan issue costs	-685	-1,841	1,156	
Other borrowings	1,787	-282	2,069	
Exceptional amortisation of loan issue costs	***1,102***	***-2,123***	***3,225***	
TOTAL FINANCIAL INCOME	**321,592**	**-9,511**	**331,103**	**3,481.4%**

The rise in interest rates impacted the fair value of financial instruments by +€399.7 million. Thus, at 30 June 2022, financial income amounted to net income of +€321.6 million *versus* a net expense of -€9.5 million at 30 June 2021.

The line in the statement of cash flow "Cost of net financial debt and interest expenses on rental liabilities" of €73 million corresponds to the cost of net financial debt for -€70.5 million restated for the amortisation of loan issue expenses for +€6.2 million, interest expense on rental liabilities for -€7.6 million and foreign exchange gains and losses for -€1.1 million.

3.2.6.9 Taxes payable and deferred tax liabilities

3.2.6.9.1 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.

As at 30 June 2022, 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.

SIIQ 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 SIIQ tax regime. It is now subject to the 20% tax on real estate companies.

In Italy, following the adoption of the law on the revaluation of properties, the Group opted in 2021 for the tax revaluation of certain Italian assets.

During the first half of 2022, the tax authorities clarified the calculation rules by limiting the amount of the tax revaluation to the market value when this is lower than the tax value. In this context, the Group had to recalculate the amount of the tax revaluation and the "substitutive tax" of 3% which was reduced by €2.2 million in the financial statements at 30 June 2022.

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 tax 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.

3.2.6.9.2 Taxes and theoretical tax rate by geographical area

(In € thousand)	Taxes payable	Deferred tax	Total	Deferred tax rate
France	-326	3,341	3,015	25.83% (1)
Italy	1,446	-21,671	-20,225	20.00% (2)
Germany	-7,379	-98,207	-105,586	15.83% (3)
Belgium	-490	-1,253	-1,743	25.00% (4)
Luxembourg	-229	-5,289	-5,518	24.94%
UK	-1	-7,002	-7,004	19.00% (5)
Netherlands	-552	-951	-1,503	25.80% (6)
Portugal	-133	-699	-832	22.50%
Spain	0	-2,330	-2,330	25.00%
Ireland	0	89	89	33.00% (7)
Poland	-35	-82	-117	9.00%
Hungary	29	-148	-119	9.00%
Czech Republic	-279	-27	-306	19.00%
TOTAL	**-7,948**	**-134,229**	**-142,178**	

(-) corresponds to a tax expense; (+) corresponds to tax income.

(1) In France, the tax rate used for the 2022 fiscal year is 25.83% compared to 27.4% in 2021.

(2) Since the merger with Covivio and its exit from the SIIQ 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 for the 2022 fiscal year is 25%.

(5) In the United Kingdom, the tax rate for 2022 fiscal year is 19%.

(6) In the Netherlands, the rate for the 2022 fiscal year is 25.8%.

(7) In Ireland, the tax rate for the 2022 fiscal year is 12.5% for operating activities, 25% for holding companies and 33% for capital gains on disposals.

Taxes payable on disposals amounted to -€2.6 million in German Residential. Taxes payable in Italy Offices mainly relate to the reduction of the "substitutive tax" of 3% for tax revaluation of certain real estate assets (+€2.2 million).

Impact of deferred taxes on income

(In € thousand)	30/06/2022	30/06/2021	Change
Italy Offices	-21,654	-7,302	-14,352
Germany Offices	-861	2,338	-3,199
Hotels in Europe	-13,666	-22,449	8,783
German Residential	-98,071	-83,293	-14,778
Other borrowings	23	66	-43
TOTAL	**-134,229**	**-110,640**	**-23,589**

- In Italy Offices, the deferred tax expense of -€14.4 million is related to the clarification of the rules for calculating the "substitutive tax" of 3% for tax revaluation of certain real estate assets (see § 3.2.6.9.1).
- The deferred tax expense of Hotels in Europe is mainly related to the increase in asset values in Germany and the United Kingdom.
- The deferred tax expense of German Residential mainly relates to an increase in the value of assets.

3.2.7 Other information

3.2.7.1 Personnel remuneration and benefits

3.2.7.1.1 Staff costs

At 30 June 2022, personnel expenses amounted to €74.8 million (compared with €64.3 million at 30 June 2021), breaking down as follows:

(In € thousand)	30/06/2022	30/06/2021
EBITDA from Hotel Operating activity and Flex Office	-23,415	-12,992
Overheads[1]	-37,559	-37,737
Net income from asset disposals	-1,360	-1,563
Total Personnel expenses in the statement of net income	**-62,334**	**-52,292**
Development and promotion projects	-12,481	-11,966
Total Capitalised personnel expenses	**-12,481**	**-11,966**
TOTAL PERSONNEL EXPENSES	**-74,815**	**-64,258**

(1) Including free share expenses: €2.5 million in June 2022 compared to €4.7 million in June 2021 (see § 3.2.7.1.2)

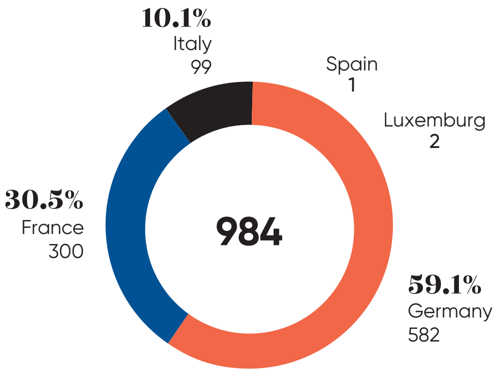
The EBITDA from Hotel Operating activity and Flex Office includes personnel expenses increasing by €10.4 million due to the recovery in activity. In the first half of 2022, the Group benefited from subsidies amounting to approximately €1.3 million (partial unemployment).

The Overheads item includes personnel expenses of €37.6 million, stable compared to 30 June 2021.

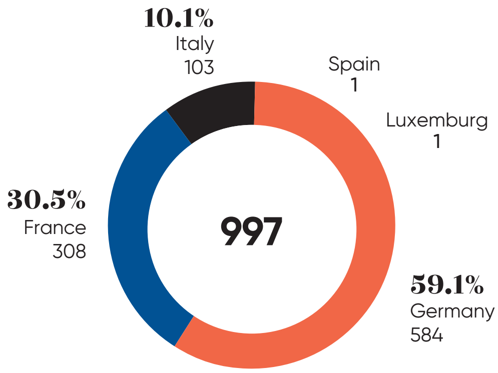
Headcount

At 30 June 2022, the headcount of fully consolidated companies, excluding companies in the Operating Properties business line, was 997 compared with 984 at 31 December 2021.

Headcount by country in number of employees



Headcount in 2021



Headcount in 2022

The average headcount in the first half-year of 2022 was 998 people.

For the period, the companies in the Operating Properties business line had an average headcount of 1,108 people *versus* 1,186 as at 31 December 2021.

3.2.7.1.2 Description of share-based payments

Covivio awarded free shares in 2022. The following assumptions were made for the free shares:

Plan of 22 February 2022	Corporate officers – with performance condition plan 1	Corporate officers – with performance condition plan 2	Corporate officers and/or employees – without performance condition plan 3
Date awarded	22/02/2022	22/02/2022	22/02/2022
Number of shares awarded	18,209	18,209	14,335
Share price on the date awarded	€73.24	€73.24	€73.24
Exercise period for rights	3 years	3 years	3 years
Cost of forfeiture of dividends	-€11.95	-€11.95	-€11.95
Actuarial value of the share net of dividends not collected during the vesting period	€61.29	€61.29	€61.29
Revenue-related discount:			
In number of shares	2,981	2,981	2,347
As percentage of share price on the date awarded	16%	16%	16%
Value of the benefit per share	€36.06	€36.97	€49.30

During the first half, the total number of free shares allocated was 50,753 (balance unchanged at 30 June 2022). As stated elsewhere, the corresponding expense is recognised in income over the entire vesting period.

It should be noted that the expense on free shares decreased by €2.2 million compared to 30 June 2021. Following the final allocation of the February 2018 and February 2019 plans, the expense calculated for previous years was revised downwards following the departure of employees for -€1.9 million (income).

The expense on free shares recognised at 30 June 2022 was €4.3 million (compared to €3.9 million at 30 June 2021). The associated URSSAF contribution was estimated at -€0.7 million (income). In addition, the URSSAF expenses paid in 2022 for the shares vested from the 2018 and 2019 plans were reclassified as free share expenses in the amount of €0.8 million. These expenses are presented in the income statement on the "Overheads" line.

The cost of the free shares includes the impact of the 2018 plan for €0.2 million, the 2019 plan for €0.9 million, the 2020 plan for €1.5 million, the 2021 plan for €1.5 million and the 2022 plan for €0.2 million.

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)	**795,675**
Average number of undiluted shares	**94,154,158**
Total dilution impact	**533,527**
Stock options	*0*
Number of free shares[(1)]	*533,527*
Share subscription warrants	*0*
Average number of diluted shares	**94,687,685**
UNDILUTED EARNINGS PER SHARE (IN €)	**8.45**
Impact of dilution – Free shares (in €)	**-0.05**
DILUTED EARNINGS PER SHARE (IN €)	**8.40**

(1) The number of shares being vested is broken down according to the following plans:

2019 plan	*64,390*
2020 plan	*155,165*
2021 plan	*263,219*
2022 plan	*50,753*
Total	***533,527***

3.2.7.3 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	Balance sheet	Comments
Cœur d'Orly	Equity affiliates	206	0	11,938	Loans, Asset and property fees
Euromed	Equity affiliates	123	0	28,596	Loans, Asset and property fees
Lenovilla	Equity affiliates	183	0	19,938	Loans, Asset and property fees

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: office real estate and retail assets located in Italy
- Germany Offices: office real estate assets located in Germany held by the Covivio group *via* its subsidiary Covivio Office Holding
- Hotels in Europe: commercial buildings largely in the hotel segment and Hotel Operating properties held by Covivio Hotels
- German Residential: real estate housing 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 leasing (sold in January 2022) and the French Residential business.

3.2.8.2 Intangible assets

2021 (in € thousand)	France Offices	Italy Offices	Hotels in Europe	German Residential	Germany Offices	Other (including France Residential)	Total
Intangible fixed assets and goodwill	12,905	482	117,422	630	76	395	131,911
NET	**12,905**	**482**	**117,422**	**630**	**76**	**395**	**131,911**

2022 (in € thousand)	France Offices	Italy Offices	Hotels in Europe	German Residential	Germany Offices	Other (including France Residential)	Total
Intangible fixed assets and goodwill	13,019	1,000	117,410	428	58	349	132,264
NET	**13,019**	**1,000**	**117,410**	**428**	**58**	**349**	**132,264**

3.2.8.3 Tangible assets

2021 (in € thousand)	France Offices	Italy Offices	Hotels in Europe	German Residential	Germany Offices	Other (including France Residential)	Total
Operating properties	209,562	75,830	991,158	40,706	5,133	4,227	1,326,616
Other fixed assets	9,394	2,180	18,306	12,089	820	194	42,983
Fixed assets in progress	12,996	4,897	4,867	316	0	0	23,076
NET	**231,952**	**82,907**	**1,014,331**	**53,111**	**5,953**	**4,421**	**1,392,675**

2022 (in € thousand)	France Offices	Italy Offices	Hotels in Europe	German Residential	Germany Offices	Other (including France Residential)	Total
Operating properties	205,897	125,758	981,972	60,529	4,773	3,823	1,382,752
Other fixed assets	8,341	3,157	17,039	11,631	757	160	41,085
Fixed assets in progress	20,721	7,754	4,453	322	0	0	33,250
NET	**234,959**	**136,669**	**1,003,464**	**72,482**	**5,530**	**3,983**	**1,457,087**

In Italy Offices, the change in tangible fixed assets (+€53.8 million) mainly corresponds to the transfer of the Milan asset, via Unione (operated directly as part of the Flex Office activity) from investment properties under development to operating properties following its commissioning.

In German Residential, the change in tangible fixed assets (+€19.4 million) mainly corresponds to the transfer of a development asset to Operating properties.

3.2.8.4 Investment properties/Assets held for sale

2021 (in € thousand)	France Offices	Italy Offices	Hotels in Europe	German Residential	Germany Offices	Other (including France Residential)	Total
Investment properties	4,453,204	2,857,996	4,931,491	7,894,014	1,313,140	0	21,449,845
Assets held for sale	625,499	68,842	154,787	20,078	0	32,530	901,736
Investment properties under development	1,169,860	233,598	53,272	60,778	189,868	0	1,707,376
TOTAL	**6,248,563**	**3,160,436**	**5,139,550**	**7,974,870**	**1,503,008**	**32,530**	**24,058,957**

2022 (in € thousand)	France Offices	Italy Offices	Hotels in Europe	German Residential	Germany Offices	Other (including France Residential)	Total
Investment properties	4,362,231	2,684,244	5,056,127	8,404,396	1,308,484	0	21,815,482
Assets held for sale	41,732	107,506	58,770	20,274	0	302	228,584
Investment properties under development	1,454,520	221,098	59,676	31,703	216,430	0	1,983,427
TOTAL	**5,858,483**	**3,012,848**	**5,174,573**	**8,456,373**	**1,524,914**	**302**	**24,027,493**

In France Offices, the change in the portfolio (€5,858 billion at 30 June 2022 compared to €6,249 billion at 31 December 2021) is mainly due to the disposal of assets (-€587.9 million) including Carré Suffren and Campus Eiffage, the acquisition of the company carrying the Factor E asset (+€49.1 million), the change in fair value (+€52.8 million) and works (+€96.7 million).

In Italy Offices, the change (-€147.6 million) is related to asset disposals (-€146.7 million) and the transfer of an asset under development to an operating property following its delivery (-€51.8 million), mitigated by the change in fair value (+€29.2 million) and works for the period (+€21.8 million).

The change in Hotels in Europe (+€35.0 million) is mainly due to the change in the fair value of assets and to the work carried out during the fiscal year (+€48.6 million), offset by the impact of disposals (-€129.0 million) and exchange rate variations (-€28.2 million, essentially due to the fall in sterling).

The increase in German Residential (+€481.5 million) was mainly due to the effect of changes in asset values (+€432.8 million). It was also linked to acquisitions and works (+€83.0 million) and disposals during the period (-€34.2 million).

In Germany Offices, the change in the portfolio (+€21.9 million) is related to the change in the fair value of assets (-€11.8 million) and to works (+€33.7 million).

The -€32.2 million change in the Other segment is explained by the disposal of the Car Park assets.

3.2.8.5 Financial fixed assets

2021 (in € thousand)	France Offices	Italy Offices	Hotels in Europe	German Residential	Germany Offices	Other (including France Residential)	Total
Loans	49,941	0	66,633	8	0	8	116,590
Other financial assets	652	9,061	200	8,132	0	1,952	19,997
Receivables on financial assets	0	906	-0	236	60	0	1,202
Sub-total non-current financial assets	**50,593**	**9,967**	**66,833**	**8,376**	**60**	**1,960**	**137,789**
Investments in equity affiliates	144,277	38	195,815	0	0	0	340,131
TOTAL FINANCIAL ASSETS	**194,870**	**10,005**	**262,648**	**8,376**	**60**	**1,960**	**477,920**

2022 (in € thousand)	France Offices	Italy Offices	Hotels in Europe	German Residential	Germany Offices	Other (including France Residential)	Total
Loans	32,741	0	66,481	8	0	6	99,236
Other financial assets	652	13,130	200	8,132	0	1,802	23,916
Receivables on financial assets	0	4	0	236	60	0	300
Sub-total non-current financial assets	**33,393**	**13,134**	**66,681**	**8,376**	**60**	**1,808**	**123,452**
Investments in equity affiliates	140,353	40	205,940	0	0	0	346,333
TOTAL FINANCIAL ASSETS	**173,747**	**13,174**	**272,621**	**8,376**	**60**	**1,808**	**469,785**

The decrease in financial assets in France Offices (-€21.1 million) is mainly due to the exchange of shares Factor E and Orianz.

The increase in financial assets of Hotels in Europe is mainly due to the allocation of the 2021 income of equity affiliates companies (-€3.5 million) and the results of equity-accounted companies (+€13.7 million).

3.2.8.6 Contribution to shareholders' equity

2021 (in € thousand)	Offices France and Italy	Hotels in Europe	German Residential	Germany Offices	Other (including France Residential)	Total
Shareholders' equity Group Share before elimination of securities	*7,433,607*	*1,399,354*	*3,885,524*	*675,930*	*-74,337*	*13,320,078*
Elimination of securities	*0*	*-1,313,246*	*-2,046,831*	*-678,759*	*-87,432*	*-4,126,268*
Shareholders' equity Group Share	**7,433,607**	**86,108**	**1,838,693**	**-2,829**	**-161,769**	**9,193,810**
Minority interests	794,261	1,991,059	1,557,446	83,941	2,121	4,428,828
SHAREHOLDERS' EQUITY	**8,227,868**	**2,077,167**	**3,396,139**	**81,112**	**-159,648**	**13,622,638**

2022 (in € thousand)	Offices France and Italy	Hotels in Europe	German Residential	Germany Offices	Other (including France Residential)	Total
Shareholders' equity Group Share before elimination of securities	7,359,500	1,508,145	4,180,626	679,279	-101,630	13,625,919
Elimination of securities	0	-1,314,157	-1,996,831	-678,759	-30,281	-4,020,028
Shareholders' equity Group Share	7,359,500	193,988	2,183,795	520	-131,911	9,605,891
Minority interests	692,646	2,112,006	1,705,820	96,936	0	4,607,407
SHAREHOLDERS' EQUITY	**8,052,145**	**2,305,993**	**3,889,615**	**97,456**	**-131,911**	**14,213,298**

3.2.8.7 Financial liabilities

2021 (in € thousand)	France Offices	Italy Offices	Hotels in Europe	German Residential	Germany Offices	Other (including France Residential)	Total
Total long-term interest-bearing loans	2,941,381	1,329,572	2,641,712	2,641,383	503,510	0	10,057,558
Total short-term interest-bearing loans	1,480,596	148,883	36,728	108,777	615	-2	1,775,597
TOTAL LT AND ST LOANS	**4,421,977**	**1,478,455**	**2,678,440**	**2,750,160**	**504,125**	**-2**	**11,833,155**

2022 (in € thousand)	France Offices	Italy Offices	Hotels in Europe	German Residential	Germany Offices	Other (including France Residential)	Total
Total long-term interest-bearing loans	2,987,235	1,315,451	2,324,783	2,700,747	469,757	0	9,797,973
Total short-term interest-bearing loans	1,584,612	17,383	273,978	104,991	34,072	915	2,015,951
TOTAL LT AND ST LOANS	**4,571,847**	**1,332,834**	**2,598,761**	**2,805,738**	**503,829**	**915**	**11,813,924**

At 30 June 2022, part of the uncollateralised bank debt for France Offices was reallocated to Italy Offices (+€365 million).

3.2.8.8 Derivatives

2021 (in € thousand)	France Offices	Italy Offices	Hotels in Europe	German Residential	Germany Offices	Other (including France Residential)	Total
Financial instruments – Assets	28,284	0	24,537	9,385	2,273	0	64,479
Financial instruments – Liabilities	86,329	8,834	74,854	29,104	1,652	0	200,773
NET FINANCIAL INSTRUMENTS	**58,045**	**8,834**	**50,317**	**19,719**	**-621**	**0**	**136,294**

2022 (in € thousand)	France Offices	Italy Offices	Hotels in Europe	German Residential	Germany Offices	Other (including France Residential)	Total
Financial instruments – Assets	225,424	10,482	177,609	97,568	8,792	0	519,875
Financial instruments – Liabilities	128,914	0	71,926	2,786	1,297	0	204,923
NET FINANCIAL INSTRUMENTS	**-96,510**	**-10,482**	**-105,683**	**-94,782**	**-7,495**	**0**	**-314,952**

3.2.8.9 Statement of net income by operating segments

In accordance with IFRS 12, § B11, inter-segment transactions, in particular management fees, are indicated separately in this presentation.

2021 (in € thousand)	France Offices	Italy Offices	Germany Offices	Hotels in Europe	German Residential	Other (France Resid-ential)	Intercos Inter-sector	30/06/2021
Rental income	110,808	78,705	20,244	78,623	134,929	18	-143	423,184
Unrecovered property operating costs	-9,075	-8,663	-2,237	-1,761	-959	-193	-3	-22,891
Expenses on properties	-3,805	-2,601	-892	-1,325	-9,282	-57	3,511	-14,451
Net losses on unrecoverable receivables	263	1,254	-545	-1,176	-1,900	25	0	-2,079
Net rental income	**98,191**	**68,695**	**16,570**	**74,362**	**122,788**	**-207**	**3,365**	**383,764**
EBITDA from Hotel Operating activity & Flex Office	**3,347**	**873**	**0**	**-3,796**	**0**	**0**	**0**	**424**
Income from other activities	**1,854**	**5,448**	**29**	**0**	**7,090**	**765**	**28**	**15,214**
Management and administration income	7,308	103	598	6,530	2,156	4,088	-14,920	5,863
Business expenses	-1,000	-181	-412	-5,912	-616	-74	5,388	-2,806
Overheads	-14,428	-6,975	-2,816	-9,845	-23,060	-6,046	5,932	-57,238
Net operating costs	**-8,120**	**-7,053**	**-2,630**	**-9,226**	**-21,520**	**-2,032**	**-3,600**	**-54,181**
Depreciation of operating assets	-12,463	-1,594	-460	-18,828	-1,698	-3,573	0	-38,616
Net change in provision and other	1,127	149	0	7,594	51	65	207	9,193
Operating income	**83,936**	**66,518**	**13,509**	**50,106**	**106,711**	**-4,982**	**0**	**315,798**
Net income from inventory properties	**0**	**-623**	**0**	**-2**	**679**	**0**	**0**	**54**
Net income from asset disposals	**3,465**	**3,333**	**-6**	**-168**	**1,994**	**24**	**0**	**8,642**
Income from value adjustments	**35,966**	**1,420**	**-10,790**	**-64,753**	**459,658**	**0**	**0**	**421,501**
Income from disposal of securities	**-365**	**460**	**0**	**-112**	**2,806**	**0**	**0**	**2,789**
Income from changes in scope & other	**-344**	**-18**	**-398**	**-117**	**0**	**0**	**0**	**-877**
Operating result	**122,658**	**71,090**	**2,315**	**-15,046**	**571,848**	**-4,958**	**0**	**747,907**
Cost of net financial debt	-14,195	-10,370	-2,955	-29,747	-18,921	97	0	-76,091
Interest cost for rental liabilities	-46	-7	-227	-6,793	-3	-152	0	-7,228
Value adjustment on derivatives	18,529	1,924	356	41,339	14,553	0	0	76,701
Discounting and foreign exchange gains or losses	0	0	0	-771	0	0	0	-771
Exceptional amortisation of loan issue costs	-536	-595	0	-524	-468	0	0	-2,123
Share of income from companies accounted for under the equity method	7,307	5	0	3,792	0	0	0	11,103
Pre-tax net income	**133,717**	**62,047**	**-511**	**-7,750**	**567,009**	**-5,013**	**0**	**749,499**
Deferred tax	0	-7,302	2,338	-22,449	-83,293	66	0	-110,640
Corporate taxes	-171	-646	-2	-2,544	-5,393	-19	0	-8,775
Net income for the period	**133,546**	**54,099**	**1,825**	**-32,743**	**478,323**	**-4,966**	**0**	**630,083**
Net income from non-controlling interests	9,913	-17,141	343	15,978	-172,362	45	0	-163,224
NET INCOME FOR THE PERIOD – GROUP SHARE	**143,459**	**36,958**	**2,168**	**-16,765**	**305,961**	**-4,921**	**0**	**466,859**

2022 (in € thousand)	France Offices	Italy Offices	Germany Offices	Hotels in Europe	German Residential	Other (France Resid-ential)	Intercos Inter-sector	30/06/2022
Rental income	100,546	71,620	21,931	111,928	138,418	9	-124	444,328
Unrecovered property operating costs	-9,927	-7,979	-4,001	-1,660	-1,527	-257	241	-25,110
Expenses on properties	-3,548	-2,360	-600	-1,539	-9,668	-211	3,993	-13,933
Net losses on unrecoverable receivables	-696	-56	620	10,392	-607	21	0	9,674
Net rental income	**86,375**	**61,225**	**17,950**	**119,121**	**126,616**	**-438**	**4,110**	**414,959**
EBITDA from Hotel Operating activity & Flex Office	**4,027**	**1,556**	**0**	**19,229**	**0**	**0**	**-43**	**24,769**
Income from other activities	**1,454**	**242**	**25**	**21**	**10,406**	**519**	**0**	**12,667**
Management and administration income	7,546	499	1,130	8,642	2,824	4,533	-17,975	7,199
Business expenses	-678	-172	-280	-7,006	-568	-15	6,336	-2,384
Overheads	-16,449	-7,134	-2,603	-9,116	-24,478	-5,989	6,711	-59,058
Net operating costs	**-9,581**	**-6,807**	**-1,753**	**-7,480**	**-22,222**	**-1,471**	**-4,928**	**-54,243**
Depreciation of operating assets	-5,164	-1,986	-446	-19,940	-2,046	-508	0	-30,090
Net change in provision and other	79	266	-79	6,597	-16	818	236	7,901
Operating income	**77,190**	**54,496**	**15,697**	**117,548**	**112,738**	**-1,080**	**-625**	**375,964**
Net income from inventory properties:	**0**	**-1,625**	**0**	**0**	**163**	**0**	**0**	**-1,462**
Net income from asset disposals	**-406**	**23**	**-9**	**-684**	**870**	**191**	**625**	**610**
Income from value adjustments	**52,809**	**29,193**	**-11,763**	**143,488**	**432,849**	**0**	**0**	**646,576**
Income from disposal of securities	**24,530**	**0**	**0**	**0**	**-1**	**0**	**0**	**24,529**
Income from changes in scope & other	**-307**	**-121**	**6**	**-44**	**0**	**0**	**0**	**-466**
Operating result	**153,816**	**81,966**	**3,931**	**260,307**	**546,619**	**-889**	**0**	**1,045,750**
Cost of net financial debt	-11,779	-9,364	-3,221	-25,105	-21,354	330	0	-70,493
Interest cost for rental liabilities	-26	-10	-237	-7,266	-3	-31	0	-7,573
Value adjustment on derivatives:	139,184	946	6,873	138,305	114,342	0	0	399,650
Discounting and foreign exchange gains or losses	0	0	0	-1,094	0	0	0	-1,094
Exceptional amortisation of loan issue costs	0	1,408	0	-225	-81	0	0	1,102
Share of income from companies accounted for under the equity method	17,515	2	0	13,677	0	0	0	31,193
Pre-tax net income	**298,710**	**74,948**	**7,346**	**378,599**	**639,523**	**-590**	**0**	**1,398,536**
Deferred tax	0	-21,654	-861	-13,666	-98,071	23	0	-134,229
Corporate taxes	-266	1,544	-268	-2,613	-6,284	-61	0	-7,948
Net income for the period	**298,444**	**54,838**	**6,217**	**362,944**	**535,168**	**-628**	**0**	**1,256,358**
Net income from non-controlling interests	-31,939	-25,490	-2,870	-210,261	-190,122	0	0	-460,683
NET INCOME FOR THE PERIOD – GROUP SHARE	**266,504**	**29,348**	**3,348**	**152,058**	**345,046**	**-628**	**0**	**795,675**

3.2.9 Events after the balance sheet

At the beginning of July, a mortgage financing of €115 million was raised at eight years, in green format, on an asset held in partnership.

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Statutory auditor's report

Statutory auditors' review report on the half-yearly financial information

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your general meetings and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code ("code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Covivio, for the period from January 1, 2022 to June 30, 2022,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors.

Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris-La Défense, July 28, 2022

The Statutory Auditors

French original signed by

MAZARS	ERNST & YOUNG et Autres
Claire Gueydan-O'Quin	Anne Herbein

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Certification of the preparer

Certification of the preparer

I certify that, to my knowledge, the abridged accounts for this past semi-annual period have been prepared in accordance with the applicable accounting standards and give a faithful image of the assets, of the financial position and of the results of the company as well as of all of the companies included in the consolidation, and that the attached semi-annual business report presents a faithful picture of the important events occurring during the first six months of the financial year, of their impact on the accounts, of the major transactions between related parties, as well as a description of the main risks and main uncertainties for the remaining six months of the financial year.

03 August 2022,

Christophe Kullmann
Chief Executive Officer
Person in charge of the Financial Information

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Glossary

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

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

Operating assets

Properties leased or available for rent and actively marketed.

Rental activity

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

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

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

Cost of development projects

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

Definition of the acronyms and abbreviations used

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

Firm residual term of leases

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

Green Assets

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

Unpaid rent (%)

Unpaid rent corresponds to the net difference between charges, reversals and irrecoverable loss of income divided by rent invoiced. These appear directly in the income statement under net cost of irrecoverable income.

Loan To Value (LTV)

The LTV calculation is detailed in Part 4 "Financial Resources"

Rental income

Recorded rent corresponds to gross rental income accounted for over the year by considering 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 using 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. Future leases secured on vacant spaces are accounted for as occupied.

The "Occupancy rate" indicator 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 using rental income under IFRS for strategic activities.

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

Given specificities and common practices in German residential, the Lile-for-Like change is computed based on the rent in €/m^2 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 realised on the N and N-1 periods
- restatements of assets under works, *i.e.*:
  - restatement of released assets for work (realised on N and N-1 years)
  - restatement of deliveries of assets under works (realised 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 the next 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 realised over the period
- restatement of work realised on assets under development during period N.

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