



Paris, 24 October 2019

Activity at end-September 2019: 10.8% growth in revenue

Strong revenue growth

- Revenue of €775 million and revenue Group share of €511 million, up +10.8% and +2.8% like-for-like
- France Offices: +3.2% like-for-like
- Italy Offices: +1.2% like-for-like
- Germany Residential: +4.0% like-for-like
- Hotels in Europe: +1.8% like-for-like

Successful developments

- Pre-letting of 5,000 m² of offices by Siemens in the building IRO, located in the Malakoff-Montrouge-Chatillon business district
- Delivery of 6,500 m² of offices in Milan on via Principe Amedeo, 100% pre-let
- Delivery of Meininger Hotel Porte de Vincennes with 249 rooms, the first Meininger in France

Non-financial rating: A1+ maximum score obtained from Vigeo-Eiris

- Covivio is ranked 1st in its sector and 7th across all sectors in Europe and worldwide

Successful issue of the second Green Bond of €500 million

- 12-year maturity and 1.125% coupon
- Improvement in the average cost of debt and the maturity



Revenue at end-September: strong growth of 10.8%

Revenue at end-September stood at €775 million and €511 million Group share, a 10.8% increase driven by the strong investment momentum of 2018 and the merger with Beni Stabili.

At a like-for-like scope, revenue from activities rose by 2.8% (2.9% on the strategic scope), exceeding the 2019 growth target of 2.5%. Lettings (net of vacating of premises) and rent increases on renewals contributed 1.5 pt to this growth.

- ▶ In France Offices, rental income grew by 3.2% at a like-for-like scope, compared with 2.8% growth in 2018. This performance is due mainly to new leases in 2018 (+1.5 pt), signed primarily in the first half. This effect gradually eased off during 2019. Indexation contributed +1.3 pt and renewals +0.6 pt.
- ▶ In Italy, rental income grew 1.2% at a like-for-like scope, mainly due to indexation (+1.2 pt), with the occupancy rate remaining stable at 98%. Growth in the offices portfolio in Milan stood at +1.7%.
- ▶ The rental performance of Germany Residential reached +4.0% at a like-for-like scope, driven by growth in Berlin (+4.6% at a like-for-like scope) and North Rhine-Westphalia (+4.1%). 36% of this growth was generated through indexation, 22% by re-letting, and 42% from modernisation.
- ▶ Lastly, in Hotel, revenue increased by +1.8% at a like-for-like scope. Regarding Accor leases, which are 100% variable, the 1.3% growth is due to the repositioning works being carried out by Accor in 2019 and 2020 to secure future growth. EBITDA for Hotel operating properties rose 2.2%, after an exceptional 2018 (+5.6%).

The occupancy rate and the maturity of the leases remain high across all assets, respectively at 97.9% and 7.0 years firm.

A end-September 2019 (9 months)	Revenue at 100%	Revenue Group share	Variation	Variation at like-for-like scope	Occupancy rate	Lease term
	(€m)	(€m)	(%)	(%)	(%)	(years)
France Offices	195	172	-6.5%	3.2%	96.7%	4.4
Italy Offices	142	110	71.0%	1.2%	97.8%	7.1
Germany Residential	188	121	5.6%	4.0%	98.7%	n.a.
Hotels	228	91	16.8%	1.8%	100%	13.8
Total strategic activities	753	493	12.1%	2.9%	97.9%	7.0
Non-strategic activities (Retail France and Italy, France residential)	23	17	-16.1%	-0.9%	95.2%	5.7
Total	775	511	10.8%	2.8%	97.8%	6.9

Successful developments

This quarter, Covivio pre-let 5,000 m² of offices to Siemens as part of the IRO project in Chatillon. This signature comes after the pre-letting of the entire Flow building in Montrouge to EDF at the end of 2018 (Covivio's second project located in this area south of Paris). IRO is now 20% pre-let and represents the only new offer in the area that will be delivered in 2020.

At the same time, two development projects were delivered in Paris and Milan:

- > Principe Amedeo, redevelopment of a building with 6,500 m² of offices acquired in 2017 in the Porta Nuova district, representing a total cost of €60 million. Today, the building is fully let, mainly to the law firm Gattai and to iGenius, a company specialised in artificial intelligence;
- > the Meininger Hotel - Paris Porte de Vincennes, with 249 rooms, which opened its doors in the third quarter of 2019. Developed by Covivio at a total cost of €47 million, this is the first Meininger hotel in France, and the third in partnership with the operator, after those in Milan and Munich. A fourth project is being developed in Lyon, with delivery planned for late 2019.

With these operations, Covivio is strengthening its presence in major European cities and confirming the success of its development projects. The pre-let ratio for projects to be delivered in 2019 and 2020 is already at 71%.

Non-financial rating: Covivio received the maximum score (A1+) for its Corporate Rating from Vigeo-Eiris and is ranked 1st in its sector

Covivio obtained the maximum score of A1+ for its Sustainability Rating from Vigeo-Eiris. This assessment recognises Covivio's commitments and the effective integration of ESG (environmental, ethical, social and governance) factors in the Group's strategy, operations and risk management. This is the best score obtained by a company in the "Financial services - Europe real estate" sector and the 7th best rating across all sectors ([link to the press release](#)).

Covivio successfully issues its second Green Bond of €500 million over 12 years with a 1.125% coupon

In September 2019, Covivio successfully issued its second Green Bond of €500 million, maturing in 2031 and offering a 1.125% coupon.

This issue rewards Covivio's ambitious ESG strategy across all its activities in Europe. This issue will finance or refinance more than 190,000 m² of offices being developed in Paris, Lyon and Milan through four projects, including two redevelopments: Jean Goujon in Paris 8th (8,460 m²), IRO in Chatillon (25,600 m²), Silex² in Lyon (30,900 m²) and The Sign in Milan (26,200 m²). These projects are already 70% pre-let on average and benefit from a high level of certification: HQE (minimum "Very Good"), BREEAM (minimum "Very Good") or LEED (minimum "Gold").

Covivio had already successfully issued a first Green Bond of €500 million in 2016, which served to finance the development of 185,000 m² of "green" offices in France. These assets are now fully let.

Paris, 24 October 2019 at 6:00 pm



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ABOUT COVIVIO

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

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

A benchmark in the European real estate market with 23 Bn€ in assets, Covivio offers support to companies, hotel brands and territories in their pursuit for attractiveness, transformation and responsible performance. Its living, dynamic approach opens up exciting project and career prospects for its teams.

Covivio's shares are listed in the Euronext Paris A compartment (FR0000064578 - COV) and on the MTA market (Mercato Telematico Azionario) of the Milan stock exchange, are admitted to trading on the SRD, and are included in the composition of the MSCI, SBF 120, Euronext IEIF "SIIC France" and CAC Mid100 indices, in the "EPRA" and "GPR 250" benchmark European real estate indices, EPRA BPRs Gold Awards (financial + Sustainability), CDP (A), Green Star GRESB and in the ESG FTSE4 Good, DJSI World & Europe, Euronext Vigeo (World 120, Eurozone 120, Europe 120 and France 20), Euronext® CDP Environment France EW, Oekom, Ethibel, Sustainalytics and Gaïa ethical indices.

Covivio is rated BBB+/Stable outlook by Standard and Poor's.

Notations solicited:

Financial part: BBB+ / Stable outlook by Standard and Poor's

Extra-financial part: A1+ by Vigeo-Eiris

APPENDIX

Reconciliation with IFRS accounts

€million	Revenue at end- September 2019	Minorities	Revenue at end- September 2019
	IFRS statements		Group share
France Offices	195	-23	172
Italy Offices	142	-32	110
Germany Residential	188	-67	121
Hotels in lease	176	-106	69
Strategic activities (rents)	700	-229	471
Non-strategic activities	23	-5	17
Total rental income	723	-234	489
Hotel operating properties (EBITDA)	52	-30	22
Total Revenues	775	-265	511

Glossary

Definition of the acronyms and abbreviations used:

RevPar: Revenue per Available Room

Mietspiegel: Reference index for residential rents in some German cities

GS: Group share

Chg: Change

ED: Excluding Duties

ID: Including Duties

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.

Like-for-like change in rent

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

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

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

For operating hotels, like-for-like change is calculated on an EBITDA basis.

Restatement done:

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

Occupancy rate

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

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

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

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

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.

Controlled 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.

Rental income

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

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

Annualised “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.

Yields/return

The portfolio returns are calculated according to the following formula:

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

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

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