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Résultats semestriels 2021 : Covivio relève ses perspectives de résultats 2021

« Covivio réalise un bon premier semestre avec plus de 140 000 m² de nouveaux contrats ou renouvellements de baux en bureaux, la signature de 400 M€ de cessions avec +4% de marge et une croissance de +2% à périmètre constant de ses valeurs d'actifs. L'ANR progresse de +4% sur un an et l'EPRA Earnings de +7,5%. En avance sur ses objectifs financiers et extra-financiers, Covivio relève ses objectifs de résultats 2021 et renforce son ambition environnementale en visant la neutralité carbone d'ici à 2030. »

Christophe Kullmann, Directeur Général de Covivio

Déploiement réussi de la stratégie en bureaux (58% du patrimoine) : centralité, qualité, services

- ▶ **Accélération des ventes** : 404 M€ de ventes signées (avec +4% de marge), dont 334 M€ en bureaux, portant à plus de 1,0 Md€ les ventes bureaux sur 18 mois (5% de marge sur vente)
- ▶ **Succès des projets de développement** : 5 actifs livrés pour 307 M€, pré-loués à 97% et générant 43% de création de valeur
- ▶ **Un pipeline de développement de 1,3 Md€ créateur de valeur** : 39 000 m² de nouveaux contrats sur nos projets de développement ; 450 M€ de création de valeur attendue, dont 250 M€ restant à capter
- ▶ **Toujours plus de centralité** : 100% des projets engagés dans les prochains mois concentrés dans les QCA de Paris, Berlin et Milan, avec 200 M€ d'objectif de création de valeur
- ▶ **Transformation bureaux – logements** : 1 545 logements et 256 M€ de projets engagés d'ici fin 2021 (x7 vs fin 2020)

Renforcement en résidentiel Allemagne (27% du patrimoine)

- ▶ **140 M€ (98 M€ PdG) d'acquisitions dans le centre de Berlin** avec 3,5% de rendement
- ▶ **Poursuite de la croissance du pipeline de développement** : 1 100 logements en cours de construction (294 M€ à 100%)
- ▶ **Forte dynamique de croissance** : +3,8% en loyers ; +7,4% en valeurs à périmètre constant

Hôtels (15% du patrimoine) : des 1^{ers} signes de reprise après un semestre impacté par les mesures de confinement

- ▶ **La crise sanitaire continue de peser** sur l'activité des hôtels au 1^{er} semestre
- ▶ **La levée progressive des mesures de confinement doit permettre une reprise de l'activité** sur la deuxième partie de l'année
- ▶ **Covivio dispose d'un patrimoine stratégique pour les opérateurs**, par sa localisation (note *Booking.com* moyenne de 8,8 / 10) et la rentabilité intrinsèque de ses hôtels (taux d'effort moyen de 60% en 2019)

Résultats du 1^{er} semestre en croissance

- ▶ **26 Md€ de patrimoine** (17 Md€ PdG), en croissance de +2% à périmètre constant
- ▶ **Stabilité de la LTV (41%)** malgré le paiement du dividende sur le semestre
- ▶ **ANR en hausse de +4% sur un an** en moyenne (EPRA NTA par action de 101,6€ et EPRA NDV de 91,7€)
- ▶ **Revenus locatifs** : 291 M€ ; stables à périmètre constant hors hôtels et -20% sur les hôtels
- ▶ **EPRA Earnings en croissance de +7,5% à 207 M€** (2,19€ et +0,9% par action)

Stratégie ESG : nouvelles ambitions carbone

- ▶ **En 2018, Covivio s'est doté d'une trajectoire carbone ambitieuse** (-34% entre 2010 et 2030 sur les scopes 1, 2 et 3) approuvée par le SBTi, en ligne avec le scénario 2°C
- ▶ **En avance sur ses objectifs** (-20% à fin 2020), Covivio renforce son ambition et se fixe une nouvelle feuille de route
- ▶ **Scopes 1 et 2** : Covivio s'inscrit sur la trajectoire 1,5°C et vise la neutralité carbone à fin 2030
- ▶ **Scope 3** : trajectoire Well-below 2°C

Perspectives 2021 relevées

- ▶ **Objectif de plus de 600 M€ de nouveaux accords de ventes confirmés**
- ▶ **Objectif d'EPRA Earnings 2021 de 390 M€ à 400 M€ vs 380 M€ à 395 M€**

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

Avec un patrimoine de 26,1 Md€ (17,3 Md€ PdG) d'actifs en Europe, en croissance de 400 M€ sur le semestre, Covivio a construit son développement sur la diversification dans des activités où le groupe joue un rôle d'acteur de premier plan :

- **58% du patrimoine est composé de bureaux** en France, Italie et Allemagne, majoritairement dans des localisations centrales à Paris, Milan et Berlin ;
- **Le résidentiel en Allemagne représente 27% du patrimoine (+2 points sur le semestre)**. Il est situé dans les centres-villes de Berlin, Dresde, Leipzig, Hambourg et les grandes villes de la Rhénanie-du-Nord Westphalie ;
- **Les hôtels (15% du patrimoine)**, situés dans les grandes villes touristiques européennes (Paris, Berlin, Rome, Madrid, Barcelone, Londres, etc.), sont loués ou gérés directement par les opérateurs leaders : AccorInvest, IHG, B&B, NH Hotels, etc.

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

1. **La localisation au cœur des grandes métropoles européennes**, en particulier Paris, Berlin et Milan. Ainsi, 96% des actifs se situent à moins de 5 minutes à pied d'un transport en commun.
2. **Le développement**, afin d'offrir un immobilier neuf, alliant performance énergétique, bien-être et adaptation à l'évolution des usages. Covivio développe aujourd'hui 1,3 Md€ part du groupe de projets de bureaux et 274 M€ part du groupe de logements en Europe.
3. **La culture-clients**, qui place l'utilisateur au centre de la stratégie. Covivio accompagne dans la durée ses clients-locataires dans leurs stratégies immobilières, en co-définissant avec eux leurs projets et nouant des relations partenariales fortes (maturité moyenne ferme des baux de 7 ans). Cela se traduit notamment par une approche conseil concrète, une politique servicielle ambitieuse et toujours plus de flexibilité, avec par exemple des offres hybrides alliant bail commercial et contrat flexible Wellio.

Stratégie ESG : nouvelle trajectoire carbone

Trois ans après la publication de sa trajectoire carbone, compatible avec le scénario 2°C de l'Accord de Paris et reconnue par le SBTi¹, Covivio accélère sa transition et relève le niveau de ses ambitions.

Couvrant l'ensemble des activités de Covivio en Europe (Bureaux, Résidentiel, Hôtels) et l'intégralité du cycle de vie des actifs (construction, restructuration et exploitation), cette trajectoire actualisée affiche un recul des émissions de -20% entre 2010 et 2020, capitalisant notamment sur l'expérience acquise sur la construction bas carbone et le verdissement de près de 90% du portefeuille européen de Covivio (certifié HQE, ou BREEAM ou équivalent, avec l'objectif d'atteindre 100% d'ici 2025).

Covivio ambitionne désormais de réduire ses émissions de -40% (Scopes 1, 2 et 3), vs -34% précédemment.

Plus précisément, **sur les Scopes 1 et 2** (immeubles multilocataires tertiaires en exploitation et locaux « corporate » accueillant les équipes), **Covivio vise à présent la neutralité carbone**, tout d'abord en s'alignant sur le scénario 1,5°C, puis en ayant recours à des mécanismes de compensation sur les émissions résiduelles.

Sur le scope 3 qui englobe la construction, la rénovation ainsi que l'exploitation des bureaux monolocataires et des surfaces privatives des immeubles multilocataires, ainsi que le résidentiel et les hôtels, **Covivio vise l'alignement sur le scénario « well below 2°C »**, c'est-à-dire une trajectoire comprise entre 1,5° et 2°C.

Pour suivre ces objectifs et de manière plus générale l'ensemble des ambitions de Covivio en matière RSE, **le Conseil d'administration de Covivio a décidé de se doter d'un Comité RSE**, présidé par Christian Delaire, administrateur indépendant.

¹ SBTi : partenariat UNGC, WWF, CDP, WRI - <https://sciencebasedtargets.org/>

Déploiement de la stratégie en bureaux (58% du patrimoine) au 1^{er} semestre 2021

Accélération des ventes

Au cours du 1^{er} semestre, **Covivio a signé pour 404 M€ part du groupe d'accords de vente avec une marge de +3,7%** sur les dernières valeurs d'expertises. Les ventes en bureaux représentent plus de 80% de ce volume et 334 M€, dont 171 M€ d'actifs non core en Italie, notamment loués à Telecom Italia (avec +2% de marge) et 102 M€ d'actifs matures en France, à Lyon et Lille. En Allemagne, Covivio a réalisé auprès de Generali et Covéa le partage du projet de développement Alexanderplatz à Berlin, dorénavant détenu à 55%.

Depuis début 2020, Covivio aura ainsi signé pour plus de 1,0 Md€ de ventes de bureaux, avec une marge moyenne sur leur dernière valeur d'expertise supérieure à +5%.

Succès du pipeline de développement

Pilier stratégique de Covivio, le pipeline de développement est un élément clé permettant notamment de transformer des immeubles obsolètes en espaces de travail attractifs, adaptés aux nouvelles demandes des clients, tout en générant une création de valeur financière et extra-financière importante.

Au cours du semestre, cinq actifs de bureaux ont été livrés pour 307 M€ et 63 000 m² à Milan, Montrouge (Grand Paris), Paris 5^e et Montpellier. **Ces actifs sont d'ores et déjà loués à 97%** de grands comptes comme EDF, Orange, NTT Data ou Expertise France. Ce succès commercial, ainsi que **la création de valeur totale de plus 40% par rapport à leur coût de revient**, illustrent l'attractivité du pipeline de développement et son rôle de moteur de la croissance du groupe.

A fin juin, le pipeline de développement s'élève à 1,3 Md€ part du groupe autour de 12 projets à Paris, Lyon, Milan et Berlin, représentant 250 000 m². Au cours du semestre, **de nouveaux contrats pour 39 000 m² ont été signés sur nos projets de développement**. Covivio a notamment signé une vente utilisateur avec Snam, principale entreprise italienne de transport de gaz naturel, pour un immeuble de 19 000 m² situé sur la zone de Symbiosis à Milan. Actuellement en construction, il accueillera, à sa livraison début 2024, le siège social de l'entreprise. L'attractivité de la zone se confirme avec la prise à bail par LVMH de 3 900 m² sur le projet voisin Symbiosis D, livré fin 2021 et d'ores et déjà pré-loué à 72%.

A Paris, Roland Berger a choisi l'immeuble Jean Goujon pour y installer à sa livraison en 2022 son futur siège France, sur 3 700 m². A Lyon, ArchiMed a signé 2 270 m² sur Silex², nouvelle tour emblématique du cœur de ville, en face de la gare Part-Dieu, livrée en juillet et louée à 64%. Covivio accompagne aussi la croissance du groupe Onepoint, déjà partenaire-locataire sur deux sites, à Paris et Bordeaux, en signant un bail en l'état futur d'achèvement de 12 ans fermes sur 9 070 m² dans le cadre d'un nouveau développement à Bordeaux (Jardin de l'Ars). Ce projet vise à construire 19 200 m², désormais pré-loués à 50%, à horizon 2024, dans la zone Euratlantique, à proximité immédiate de la gare TGV Saint-Jean.

Dans un nouvel environnement de marché, Covivio s'appuie sur son pipeline de développement pour continuer à adapter son patrimoine avec notamment toujours plus de centralité. Ainsi, au cours des prochains mois, cinq nouveaux projets de redéveloppement d'immeubles existants seront engagés pour 670 M€ de coût de revient (y compris terrains). **Tous situés dans les QCA de Paris, Berlin et Milan**, ils doivent générer plus de 200 M€ de création de valeur cible.

En tenant compte des 450 M€ de création de valeur attendus sur le pipeline engagé à fin juin, ce sont plus de 650 M€ de création de valeur cible que doivent générer les projets de développement, dont 450 M€ restent à réaliser (4,8€ par action).

Accélération des transformations bureaux – logements

En France, Covivio accélère les conversions de bureaux obsolètes en logements. D'ici fin 2021, **le pipeline de projets engagés aura été multiplié par 7 sur un an, avec 1 545 logements qui seront en cours de construction** dans le Grand Paris et à Bordeaux, pour 256 M€ de coût de revient et une marge moyenne cible supérieure à 10%. Covivio a obtenu les permis de construire de la première phase d'un projet de 46 500 m² à Bordeaux Lac, et de trois redéveloppements de 20 900 m², 9 100 m² et 6 884 m² à Fontenay-sous-Bois, Bobigny et Chartres. **A cela s'ajoutent 200 000 m² de projets potentiels identifiés** sur des actifs de bureaux obsolètes en France.

Renforcement en résidentiel Allemagne (27% du patrimoine)

140 M€ (98 M€ PdG) d'acquisitions dans le centre de Berlin, avec 3,5% de rendement

Au cours du semestre, Covivio a acheté pour 140 M€ (3 200 €/m²) de logements à Berlin, avec un rendement moyen de 3,5%. Les 21 actifs acquis, situés dans le cœur de Berlin et déjà transformés en copropriété, représentent une surface totale de 44 000 m² et bénéficieront d'un programme de travaux et d'asset management pour en améliorer l'efficacité énergétique. Avec cette opération, Covivio poursuit sa stratégie d'investissement en Allemagne, développe son portefeuille résidentiel, et entend continuer à bénéficier de la dynamique positive de ce marché.

Le loyer moyen pour la partie logement est actuellement de 8,40 €/m², bien en dessous des loyers de marché. Grâce à sa politique active d'asset management et à ses programmes de travaux orientés vers l'efficacité énergétique, Covivio prévoit d'améliorer la qualité, le confort et l'attractivité de ces logements.

Poursuite de la croissance du pipeline de développement

Dans un marché marqué par une forte pénurie de logements, Covivio poursuit sa politique de construction de nouveaux appartements avec 1 100 unités en cours de développement pour 294 M€ (190 M€ PdG). Situés quasi exclusivement à Berlin, les 20 projets en cours doivent générer plus de 35% de création de valeur. A plus moyen terme, un pipeline maîtrisé de 2 700 logements et 645 M€ (416 M€ PdG) viendra nourrir la croissance future.

Hôtels (15% du patrimoine) : des 1^{ers} signes de reprise après un semestre impacté par les mesures de confinement

L'industrie hôtelière est restée impactée sur le 1^{er} semestre par la crise sanitaire. À la suite de la montée en puissance des campagnes de vaccination, les pays ont, à partir du mois de mai, progressivement levé les restrictions administratives. Sur le mois de juin, on observe sur le marché des taux d'occupation² de l'ordre de 54% au Royaume-Uni, 40% en France et 30% en Allemagne, les régions performant généralement mieux que les capitales. L'été 2021 devrait, comme en 2020, bénéficier du besoin et de la volonté de voyager, qui se manifestent dès que les restrictions s'assouplissent, avec des taux d'occupation en forte progression.

La classe d'actifs hôtelière continue à attirer l'appétit des investisseurs

Le volume d'investissements en immobilier hôtelier s'est élevé à 4,7 Md€ sur le 1^{er} semestre, en baisse de -18% sur un an (le 1^{er} trimestre 2020 n'avait pas encore été affecté par la crise sanitaire) mais en progression de +35% par rapport au second semestre 2020. Les récentes transactions font aussi ressortir des valorisations comparables aux niveaux d'avant crise, comme l'attestent notamment les ventes du portefeuille JJW en France (175 M€ et 680 K€/chambre), du Timhotel Paris Berthier (73 M€ et 3,8% de rendement) ou du NH Calderon à Barcelone (125 M€ et 4,1%).

Covivio dispose d'un patrimoine stratégique pour les opérateurs

Dans ce contexte de redémarrage progressif de l'activité, Covivio peut s'appuyer sur un patrimoine diversifié de 2,5 Md€ part du groupe, stratégique pour les opérateurs, grâce à sa localisation (note Booking.com moyenne de 8,8 / 10) et à sa rentabilité intrinsèque (taux d'effort moyen de 60% en 2019). Partenaire long terme des principaux opérateurs hôteliers, Covivio a œuvré pour la mise en place de solutions leur permettant de traverser la crise. De nouveaux accords, conclus avec 4 locataires représentant 27% du patrimoine hôtels en bail, ont permis d'alléger leurs difficultés, via des mesures d'accompagnement ou des facilités de paiement. Sur le 1^{er} semestre, le taux de collecte des loyers s'établit à 85% (69% y compris franchises et différés de paiement accordés).

Le portefeuille hôtelier de Covivio est **bien positionné pour bénéficier de la reprise** à venir : les revenus variables, concentrés en France et Allemagne, ainsi que les revenus du portefeuille britannique, sont générés **essentiellement par une clientèle domestique ou régionale, qui voyage individuellement pour le loisir**³. La bonne dynamique de

² Source : Morgan Stanley

³ En détail : part domestique ou régionale = 80% ; part loisir = 55%-60% ; part de clients individuels = 75%

COVIVIO
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ces marchés, notamment la France et l'Allemagne, s'est vérifiée durant l'été 2020, avec une reprise rapide suite à la levée des restrictions gouvernementales.

Résultats du 1^{er} semestre en croissance

26 Md€ de patrimoine (17 Md€ PdG), en croissance de +2% à périmètre constant

(M€)	31/12/2020			30/06/2021				Var. 6 mois à pc (%)
	Valeur 100%	Valeur PdG	Rdt HD brut	Valeur 100%	Valeur PdG	Rdt HD brut	% de la valeur PdG	
Bureaux France	7 249	5 933	4,8%	7 084	5 770	4,5%	33%	+1,0%
Bureaux Italie	3 396	2 719	5,2%	3 370	2 717	5,3%	16%	+0,4%
Bureaux Allemagne	1 722	1 541	3,4%	1 749	1 503	3,3%	9%	-0,4%
Total Bureaux	12 367	10 194	4,5%	12 203	9 991	4,5%	58%	+0,6%
Résidentiel Allemagne	6 619	4 257	3,7%	7 240	4 663	3,6%	27%	+7,4%
Hôtels en Europe ⁴	6 501	2 532	5,5%	6 492	2 526	5,5%	15%	-1,0%
Total Stratégique	25 487	16 982	4,4%	25 935	17 180	4,4%	99%	+2,1%
Total Non Stratégique	191	123	9,4%	137	92	10,5%	1%	-11,8%
Total	25 677	17 105	4,5%	26 072	17 272	4,4%	100%	+2,0%

Le patrimoine du groupe progresse de 400 M€ sur le semestre, à 26,1 Md€ et 17,3 Md€ Part du Groupe. A périmètre constant, la valeur des actifs croît de +2%.

En bureaux, la légère progression de +0,6% tient principalement aux succès sur le pipeline de développement, permettant de compenser les ajustements de valeurs sur quelques actifs faisant face à des enjeux locatifs ou situés dans des localisations impactées par la crise (comme La Défense, péri-Défense ou hors Milan en Italie). En bureaux France, les immeubles en développement ou livrés récemment ont ainsi généré +78 M€ de valeur sur le semestre.

En résidentiel allemand, les valeurs d'expertises gagnent +7,4%, grâce à une très bonne dynamique sur l'ensemble des villes et portées par un déséquilibre offre/demande de logements : en Rhénanie du Nord-Westphalie (+9,0%), à Dresde & Leipzig (+8,4%), Hambourg (+7,8%) mais aussi à Berlin (+6,4%).

En hôtels, la valeur du patrimoine se stabilise (-1,0% à périmètre constant) : l'ensemble du patrimoine voit ses valorisations stables à l'exception du Royaume Uni (13% du patrimoine, -6% à périmètre constant), portefeuille essentiellement composé d'actifs *upscale* pour lequel l'expert a revu les hypothèses de reprise et le taux d'actualisation.

Suite à la progression de valeurs en résidentiel allemand et au nouveau renforcement sur cette classe d'actifs, l'Allemagne représente maintenant 39% du patrimoine (+2 points), à égalité avec la France.

ANR en hausse de +4% sur un an en moyenne et stabilité de la LTV, malgré le paiement du dividende en numéraire

Portés par les hausses de valeurs, **les ANR s'accroissent de +4% en moyenne sur un an, à 9 638 M€ et 101,6€ par action en EPRA NTA** (EPRA NRV et EPRA NDV de 112,2€ et 91,7€). Sur six mois la croissance moyenne s'élève à +2%.

A fin juin, la LTV est stable vs fin 2020, à 41%, malgré le paiement de l'intégralité du dividende sur le semestre (340 M€), grâce à la dynamique de cessions et à la croissance des valeurs d'actifs.

Le taux moyen de la dette diminue à nouveau, à 1,2% vs 1,3% fin 2020, et l'ICR s'améliore à 7,1x. La maturité de la dette est stable, à 5,6 ans. En mai, S&P a confirmé la notation de crédit de Covivio à BBB+, perspective stable.

⁴ Rendement calculé sur les loyers fixes 2020 indexés ou sur les performances 2019 pour les hôtels en Murs et Fonds, le portefeuille au Royaume-Uni et les actifs AccorInvest. Rendement immédiat 2021 de 2,3%.

COVIVIO
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Revenus locatifs stables à périmètre constant hors hôtels

S1 2021	Revenus Part du Groupe S1 2020	Revenus à 100% S1 2021	Revenus Part du Groupe S1 2021	Variation à périmètre constant	Taux d'occupation	Durée résiduelle ferme des baux
Bureaux France	105.7	110.8	96.6	-2.8%	92.1%	4.8
Bureaux Italie	64.2	77.0	57.9	-1.7%	96.9%	7.3
Bureaux Allemagne	18.4	25.6	22.3	-1.0%	78.3%	4.8
Résidentiel Allemagne	78.6	129.5	83.2	3.8%	98.9%	n.a.
Total Bureaux et Résidentiel	266.9	342.9	260.1	-0.4%	93.7%	5.6
Hôtels en Europe	28.5	71.8	28.2	-20.2%	100.0% ¹	13.9 ¹
Total activités stratégiques	295.4	414.7	288.3	-2.6%	94.6%	7.3
Total activités non stratégiques	7.0	4.7	3.0	-12.8%	99.1%	5.9
Total	302.3	419.4	291.3	-2.7%	94.6%	7.3

1. Hôtels en bail uniquement

Les revenus locatifs du semestre se sont élevés à 419 M€ et 291 M€ en Part du Groupe. La performance sur les bureaux et résidentiel (85% du patrimoine) est quasi stable à périmètre constant (-0,4%) hors hôtels.

En bureaux, l'activité locative sur le semestre a été riche, avec 140 737 m² de nouvelles signatures (63 221 m² sur 9 ans fermes en moyenne) **et de renouvellements de baux** (77 520 m² sur 3 ans en moyenne). Outre les 39 000 m² signés sur les actifs livrés ou en développement, Covivio a signé 2 800 m² sur Carré Suffren à Paris 15^e, proche de la Tour Eiffel, et 2 100 m² sur CB 21 à La Défense. A Milan, la dynamique est très positive : plusieurs nouveaux baux ont été signés pour un total de 5 200 m², dont 2 400 m² sur les tours Garibaldi, avec une hausse moyenne des loyers de +16%. En Allemagne, 10 700 m² ont été loués, principalement sur les immeubles Zeughaus, à Hambourg et Sunsquare à Munich.

Les renouvellements de baux ont concerné le campus Eiffage (33 270 m²), siège social du groupe situé à Vélizy, dorénavant loué jusqu'à fin 2030, ainsi qu'un actif de 30 000 m² à Milan, pour 3 ans fermes.

La baisse des loyers à périmètre constant en bureaux France s'explique par le départ de locataires principalement à la Défense (CB 21) et dans Paris (Carré Suffren, reloué depuis), ainsi que l'effet d'une indemnité de départ perçue en 2020. En Italie, les loyers ont été impactés par le départ de locataires dans les commerces de pieds d'immeuble, dans le cœur de Milan, reloués depuis, de sorte que le taux d'occupation reste stable sur le semestre, à 96,9%.

L'activité logements en Allemagne continue à être bien orientée. Les loyers progressent de +3,8% en moyenne à périmètre constant, dont +4,7% en Rhénanie-du-Nord Westphalie et +3,0% à Hambourg. A Berlin, compte tenu de l'annulation du gel des loyers, la croissance à périmètre constant atteint +3,6%. Pour rappel, le 15 avril, la Cour fédérale de Karlsruhe a annulé la réglementation sur le gel et plafonnement des loyers à Berlin (Mietendeckel), dont l'impact a été contre-productif sur l'offre de logements. Le taux d'occupation se maintient quant à lui à un niveau particulièrement élevé, de 98,9%.

En hôtels, les revenus ont diminué de -20% à périmètre constant, pénalisés par les mesures de confinement du 1^{er} semestre et un effet base défavorable (1^{er} trimestre 2020 très peu impacté par la crise). Pour rappel, 58% des hôtels du patrimoine sont en revenus variables.

Hausse de l'EPRA Earnings de +7,5% sur un an

A fin juin, l'EPRA Earnings s'établit à 207 M€, en croissance de +7,5% sur un an (2,19€ et +0,9% par action en raison de la création d'actions en 2020). La baisse des revenus locatifs liée aux ventes en bureaux et à l'impact de la crise sur les hôtels a été plus que compensée par la bonne dynamique des loyers en résidentiel allemand et la progression des marges de promotion. La structure de coûts s'est également améliorée, avec une légère baisse de -2% des coûts de fonctionnement et la nouvelle réduction de -9% du coût de l'endettement financier.

Perspectives 2021 relevées

Compte tenu de la bonne orientation des résultats du 1^{er} semestre, **Covivio relève son objectif d'EPRA Earnings pour 2021 entre 390 M€ à 400 M€ (4,1€ à 4,2€ par action)** vs 380 M€ à 395 M€, en fonction du profil de la reprise en hôtels, et confirme son objectif de plus de 600 M€ de nouveaux accords de ventes.

Au-delà, Covivio dispose d'importants relais de croissance :

- **En bureaux**, la stratégie orientée sur le développement d'immeubles neufs et adaptés à la demande des utilisateurs doit continuer à générer d'importantes créations de valeurs. **450 M€ (soit 4,8 € par action) de création de valeur non encore captés dans les comptes** sont ainsi attendus sur les projets engagés ou devant être engagés dans les prochains mois.
- **En hôtels**, la levée des mesures de confinement doit permettre une reprise progressive de l'activité sur la 2^e partie de l'année. **La baisse des revenus, de plus de 70 M€ par rapport à 2019, représente autant de potentiel de croissance pour les années qui viennent.**
- Enfin, en **résidentiel en Allemagne**, la valorisation actuelle du patrimoine, de plus de 50% inférieure aux prix de ventes des logements à l'unité, et le niveau des loyers, de 20% inférieurs aux niveaux réglementés, viendront nourrir la croissance future.

AGENDA

- Activité du 3^{ème} trimestre : 21 octobre 2021
- Capital Markets Day : 10 novembre 2021

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A PROPOS DE COVIVIO

Fort de son histoire partenariale, de ses expertises immobilières et de sa culture européenne, Covivio invente l'expérience utilisateur d'aujourd'hui et dessine la ville de demain.

Acteur immobilier de préférence à l'échelle européenne, Covivio se rapproche des utilisateurs finaux, capte leurs aspirations, conjugue travailler, voyager, habiter, et co-invente des espaces vivants.

Opérateur européen de référence avec 26 Md€ de patrimoine Covivio accompagne les entreprises, les marques hôtelières et les territoires dans leurs enjeux d'attractivité, de transformation et de performance responsable. Construire du bien-être et des liens durables telle est ainsi la Raison d'être de Covivio qui exprime son rôle en tant qu'opérateur immobilier responsable auprès de l'ensemble de ses parties prenantes : clients, actionnaires et partenaires financiers, équipes internes, collectivités, générations futures. Par ailleurs, son approche vivante de l'immobilier ouvre à ses équipes des perspectives de projets et de parcours passionnants.

Le titre Covivio est coté sur le compartiment A d'Euronext Paris (FR0000064578 - COV), ainsi que sur le marché MTA (Mercato Telematico Azionario) de la bourse de Milan, admis au SRD et rentre dans la composition des indices MSCI, SBF120, Euronext IEIF « SIIC France », CAC Mid100, dans les indices de référence des foncières européennes « EPRA » et « GPR 250 », EPRA BPRs Gold Awards (rapport financier et développement durable), CDP (A-), Green Star GRESB, ainsi que dans les indices éthiques ESG FTSE4 Good, DJSI World et Europe, Euronext Vigeo (World 120, Eurozone 120, Europe 120 et France 20), Euronext® CDP Environment France EW, Oekom, Ethibel et Gaïa.

Notations sollicitées :

Volet financier : BBB+ / perspective Stable par Standard and Poor's

Volet extra-financier : A1+ par Vigeo-Eiris



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1. BUSINESS ANALYSIS

Changes in scope:

The main change is the disposal of 45% of shares in our flagship project Alexanderplatz in Berlin, now 55% owned.

A. REVENUES: €291 MILLION IN H1 2021

(€ million)	100%			Group share				
	H1 2020	H1 2021	Change (%)	H1 2020	H1 2021	Change (%)	Change (%) LfL ¹	% of revenue
France Offices	121.0	110.8	-8.5%	105.7	96.6	-8.5%	-2.8%	33%
Paris	43.7	41.2	-5.8%	40.8	39.0	-4.4%	-2.9%	13%
Greater Paris (excl. Paris)	57.6	54.9	-4.7%	45.8	43.7	-4.6%	+0.0%	15%
Major regional cities	12.9	10.4	-19.4%	12.1	9.6	-20.3%	-0.2%	3%
Other French Regions	6.8	4.3	-36.6%	6.8	4.3	-36.6%	-0.3%	1%
Italy Offices	84.2	77.0	-8.5%	64.2	57.9	-9.7%	-1.7%	20%
Offices - excl. Telecom Italia	43.3	38.0	-12.2%	43.3	38.0	-12.1%	-2.7%	13%
Offices - Telecom Italia	40.9	39.0	-4.7%	20.9	19.9	-4.7%	+0.0%	7%
German Offices	27.3	25.6	-6.3%	18.4	22.3	+21.1%	-1.0%	8%
Berlin	5.1	5.0	-1.4%	3.6	3.5	-4.5%	-1.7%	1%
Other cities	22.2	20.5	-7.5%	14.8	18.8	+27.3%	+3.4%	6%
German Residential	122.5	129.5	+5.8%	78.6	83.2	+5.8%	+3.8%	29%
Berlin	59.5	62.1	+4.3%	38.5	40.2	+4.4%	+3.6%	14%
Dresden & Leipzig	12.3	11.6	-5.3%	7.9	7.4	-5.5%	+2.0%	3%
Hamburg	8.1	8.7	+7.7%	5.3	5.7	+7.6%	+3.0%	2%
North Rhine-Westphalia	42.6	47.2	+10.6%	27.0	29.9	+10.7%	+4.7%	10%
Hotels in Europe	73.1	71.8	-1.8%	28.5	28.2	-1.0%	-20.2%	10%
Hotels - Lease Properties	69.8	75.6	+8.4%	27.1	29.7	+9.8%	-4.1%	10%
France	26.7	24.9	-6.7%	8.6	7.8	-8.9%	-10.8%	3%
Germany	15.9	14.8	-7.2%	6.8	6.3	-6.6%	+0.1%	2%
UK	0.0	0.0	n.a.	0.0	0.0	n.a.	n.a.	0%
Spain	15.5	15.6	+1.0%	6.7	6.8	+1.4%	+0.9%	2%
Belgium	4.8	4.5	-7.2%	2.1	1.9	-6.8%	-11.1%	1%
Others	6.9	15.9	+130.3%	3.0	6.9	+131.1%	0.1%	2%
Hotels - Operating Properties (EBITDA)	3.3	-3.8	-215.2%	1.4	-1.5	n.a.	n.a.	-1%
Total strategic activities	428.2	414.7	-3.1%	295.4	288.3	-2.4%	-2.6%	99%
Non-strategic	10.4	4.7	-54.8%	7.0	3.0	-56.8%	-12.8%	1%
Retail Italy	4.0	1.7	-57.7%	4.0	1.7	-57.7%	-9.5%	1%
Retail France	6.1	3.0	-50.6%	2.6	1.3	-50.5%	-16.9%	0%
Other (France Residential)	0.3	0.0	-94.7%	0.3	0.0	-94.7%	n.a.	0%
Total revenues	438.6	419.4	-4.4%	302.3	291.3	-3.6%	-2.7%	100%

¹ LfL: Like-for-Like

Group share revenues decreased by 3.6% year-on-year (-€11 million) primarily under the following effects:

- ▶ **Flat results on Offices and Residential** activities, with like-for-like revenues stable (-0.4%, -€0.9 m):
 - -2.8% in France Offices, due to releases and renegotiation in Paris South and La Défense that occurred in 2020;
 - -1.7% in Italy due to the lockdowns and the crisis which have mainly impacted the ground floor retail in Milan (-26%), already relet since then;
 - -1.0% in German Offices, mainly linked to a departure of a tenant in an asset in Berlin, relet since then. The LFL excludes the Godewind portfolio, bought in 2020, and therefore covers a small scope;
 - +3.8% in German Residential, driven by North Rhine-Westphalia (+4.7%) and Mietendeckel cancelation in Berlin (+3.6%).

- ▶ **On Hotels activity**, the like-for-like revenues decreased by 20.2% (-€5.9 million) due to the impact of the restrictions in hotel activity and a negative base effect (January and February 2020 not impacted by the crisis).
- ▶ **Acquisitions** (+€11.2 million) especially in German Offices (+€6.0 million) through Godewind, in Hotels (+€3.9 million), and German residential (+1.4 million).
- ▶ **Deliveries of new assets** (+€8.2 million), mainly in France (+4.8 million) in 2020 in major regional cities and in the 1st ring, and in Italy with two buildings in Milan (+€3.3 million).
- ▶ **Asset disposals**: (-€20.3 million), especially:
 - In France Offices (-€7.0 million), in 2020 and 2021 of mature assets in Western Crescent and French regions;
 - In Italy (-€7.4 million) non-core and mature assets;
 - In German Residential (-€2.1 million);
 - In Hotels (-€0.5 million);
 - Non-strategic assets (-€3.3 million) mainly retail in Italy and France.
- ▶ **Vacating for redevelopment** (-€4.7 million), in Paris Centre West and Milan on committed projects in the CBDs.
- ▶ Other effects (+€1.4 million).

B. LEASE EXPIRIES AND OCCUPANCY RATES

1. Annualised lease expiries: 7.3 years average lease term

Average firm lease duration by activity

(Years)	By lease end date (1st break)		By lease end date	
	2020	H1 2021	2020	H1 2021
Group share				
France Offices	4.6	4.8	5.5	5.7
Italy Offices	7.4	7.3	7.9	7.9
Germany Offices	4.9	4.8	5.8	5.5
Hotels in Europe	14.2	13.9	15.7	15.3
Total strategic activities	7.3	7.3	8.2	8.2
Non-strategic	7.4	5.9	7.7	6.8
Total	7.3	7.3	8.2	8.2

The average firm residual duration of leases stays stable at 7.3 years at end June 2021.

Lease expiries schedule

(€ million ; Group share)	By lease end date (1st break)	% of total	By lease end date	% of total
2021	30	4%	26	4%
2022	62	9%	45	6%
2023	49	7%	30	4%
2024	25	4%	17	2%
2025	45	6%	43	6%
2026	13	2%	13	2%
2027	28	4%	27	4%
2028	23	3%	36	5%
2029	26	4%	47	7%
2030	75	11%	71	10%
Beyond	127	18%	148	21%
Total Offices and Hotels leases	504	72%	504	72%
German Residential	170	24%	170	24%
Hotel operating properties	31	4%	31	4%
Other (Incl. French Residential)	0	0%	0	0%
Total	705	100%	705	100%

Out of the €30 million of lease expiries remaining scheduled for 2021, representing 4% of Covivio annualised revenues:

- ▶ 0.5% relate to tenants with no intent to vacate the property.
- ▶ 2.4% relate to assets to be redeveloped after the tenant departure, including 3 mature assets in Paris CBD occupied by Orange.
- ▶ 1% to be managed.

In 2022, the €62 million of lease expiries representing 9% of Covivio annualised revenues are mainly split as follow:

- ▶ 5% of Covivio annualised revenues (€38 million) already managed due to assets that will be vacated for redevelopment (€22 million), mostly located in Paris CBD (€14 million) or to break option that will not be exercised (€15 million).
- ▶ 3% of Covivio annualised revenues (€21 million) to be managed in France (45%), Italy (32%) and Germany (23%).

2. Occupancy rate:

95%

(%)	Occupancy rate	
Group share	2020	H1 2021
France Offices	93.1%	92.1%
Italy Offices	96.8%	96.9%
German Offices	76.7%	78.3%
German Residential	98.7%	98.9%
Hotels in Europe	100.0%	100.0%
Total strategic activities	94.7%	94.6%
Non-strategic	99.4%	99.1%
Total	94.8%	94.6%

The occupancy rate is stable at 94.6% for strategic activities.

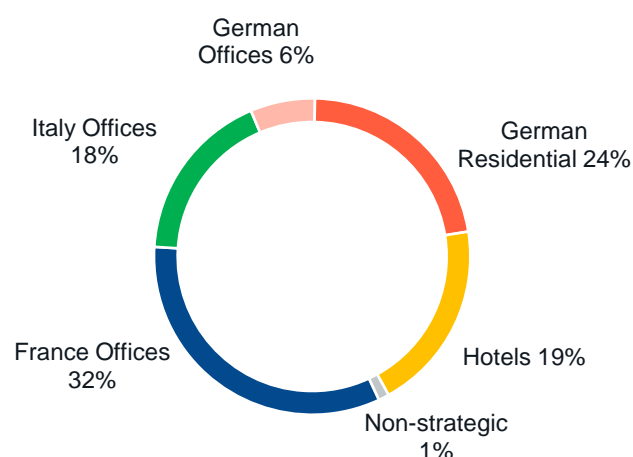
C. BREAKDOWN OF ANNUALISED REVENUES

By major tenants

(€ million, Group share)	Annualised revenues ¹	
	H1 2021	%
Orange	47	7%
Telecom Italia	39	5%
Accor	33	5%
IHG	21	3%
Suez	21	3%
NH	19	3%
B&B	14	2%
Tecnimont	14	2%
Dassault	13	2%
Thalès	11	2%
Vinci	10	1%
Natixis	8	1%
EDF / Enedis	6	1%
Creval	6	1%
Fastweb	6	1%
Eiffage	6	1%
Intesa San Paolo	5	1%
Cisco	5	1%
Hotels lease properties	20	3%
Other tenants <€5M	230	33%
German Residential	170	24%
Total	705	100%

¹: The hotels annualised revenues are based on the 2021 fixed revenues and 2019 variable revenues

By activity



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

D. COST TO REVENUE RATIO BY BUSINESS

(€ million, Group share)	France Offices	Italy Offices (incl. retail)	Germany Offices	German Residential	Hotels in Europe (incl. retail)	Other (Mainly France Residential)	Total	
	H1 2021	H1 2021	H1 2021	H1 2021	H1 2021	H1 2021	H1 2020	H1 2021
Rental Income	96.6	59.6	18.8	86.7	31.0	0.0	300.9	292.8
Unrecovered property operating costs	-8.6	-7.1	-2.1	-0.7	-0.8	-0.2	-16.2	-19.4
Expenses on properties	-0.9	-2.5	-0.8	-6.0	-0.3	-0.0	-9.7	-10.6
Net losses on unrecoverable receivable	0.3	1.3	-0.5	-1.2	-0.5	0.0	-7.0	-0.6
Net rental income	87.5	51.3	15.4	78.7	29.5	-0.2	268.0	262.2
Cost to revenue ratio	9.5%	13.9%	18.0%	9.2%	5.0%	n.a	10.9%	10.4%

The cost to revenue ratio (10.4%) decreased by 0.5 pts compared to H1 2020, mainly due to the reversal of doubtful in France and Italy.

E. RESERVES FOR UNPAID RENT

Collection rate: was as high as 96% on strategic activities, with 97% on offices and residential and 85% on hotels (69% for hotels excluding rent free and deferred payment).

Provisions: At June-2021, a €0.6 million provision has been accounted for.

F. DISPOSALS: €404 OF NEW DISPOSALS AGREEMENTS IN 2021 WITH 3,7% MARGIN

€404
m

(€ million)		Disposals	Agreements	New	New	Total	Margin vs	Yield	Total
		(agreements	as of end	disposals	agreements	H1 2021	vs		Realised
		as of end	as of end	H1 2021	H1 2021	H1 2021	2020		Disposals
		of 2020	of 2020				value		
		closed)	to close						
		1		2	3	= 2 + 3			= 1 + 2
France Offices	100 %	287	40	99	3	102	3.9%	5.2%	386
	Group share	243	40	99	3	102	3.9%	5.2%	342
Italy Offices	100 %	20	12	76	180	255	2.7%	6.0%	95
	Group share	19	7	46	125	171	2.2%	5.4%	65
Germany Residential	100%	10	4	17	11	27	61.9%	1.4%	27
	Group share	7	3	11	7	17	62.1%	1.5%	17
Germany Offices	100 %	-	-	-	-	-	n.a	n.a	-
	Group share	-	-	61	-	61	0%	n.a	61
Hotels in Europe	100 %	13	19	-	-	-	n.a	n.a	13
	Group share	5	8	-	-	-	n.a	n.a	5
Non-strategic (France Resi., Retail in France and Italy)	100 %	21	1	20	51	71	0.6%	3.4%	41
	Group share	10	1	9	43	52	0.4%	2.0%	19
Total	100 %	351	75	211	244	455	4.9%	5.1%	562
	Group share	284	58	226	178	404	3.7%	4.6%	510

New disposals and agreements were signed for €404 million Group share (€455 million at 100%) with 3.7% average margin on last appraisal values. Covivio notably accelerated the pace of mature office disposal agreements on which the value creation potential has been fully extracted.

In details, the disposals agreements include:

- ▶ **Mature assets and sharing of development project:** €231 million Group share:
 - Alexanderplatz: €61 million Group share (share of development project);
 - 5 assets in Milan (€58 million Group share) and two assets located in major cities in France, in Lyon and Lille (€94 million Group share);
 - Some privatizations and bloc sales in German residential: €17 million Group share.
- ▶ **Non-core assets:** €121 million Group share (€205 million at 100%) in secondary locations in France and in Italy outside Milan.
- ▶ **Non-strategic assets:** €52 million Group share (€71 million at 100%), mainly Jardiland stores in France.

G. INVESTMENTS: €228 REALISED IN 2021 GROUP SHARE



€323 million (€228 m Group share) of investments were realised in H1 2021:

- ▶ Reinforcement in **German residential** with €140 million of acquisitions (€98 million Group share) for 2 portfolios in Berlin, totaling 592 units on 21 assets at a 3.5% yield. All the assets are divided in condominium and offer a high growth potential, both on price (acquisition price of €3,194/m² while the median condominium price in Berlin is €5,140/m²) and rent (reversion potential of +21% vs Federal rental brake and +61% vs average market rate).
- ▶ CAPEX in the **development pipeline** total €182 million (€130 million Group share), mostly related to:
 - Development projects in Paris (€94 million Group share);
 - Development projects in Milan (€22 million Group share);
 - Development (€13 million Group Share) and acquisitions of land banks (€1 million Group Share) mainly in Berlin to fuel future Residential and Office developments.

H. DEVELOPMENT PROJECTS:

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

1. Committed Office Pipeline

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

Committed projects	Surface ¹ (m ²)	Total Budget ² (€m, 100%)	Total Budget ² (€m, Group share)	Pre-let (%)	Target yield ³ (%)
France offices	157,100 m ²	1,193	839	33%	5.1%
Italy offices	33,000 m ²	178	178	64%	6.2%
Germany Offices	60,000 m ²	523	291	0%	5.1%
Total offices	250,100 m²	1,894	1,308	31%	5.3%

¹ Surface at 100%, ² Including land and financial costs, ³ Yield on total rents including car parks, restaurants, etc

Deliveries: 63,030 m² of offices delivered in the first half of 2021

Five projects were delivered in the first half of 2021 totaling 63,030 m² of office spaces in France and Italy with an average occupancy rate of 97%. These were:

- ▶ **Flow** in Montrouge (23,600 m²), 100% let.
- ▶ **Gobelins** in Paris (4,360 m²), 100% let.
- ▶ **Two buildings** in Montpellier, one fully let to Orange and the other one, a 68% let building with services.
- ▶ **The Sign B+C** in Milan (16,900 m²), 98% let.

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

Committed projects: €1.3 Bn Group share pre-let at 31% for the next 12 months

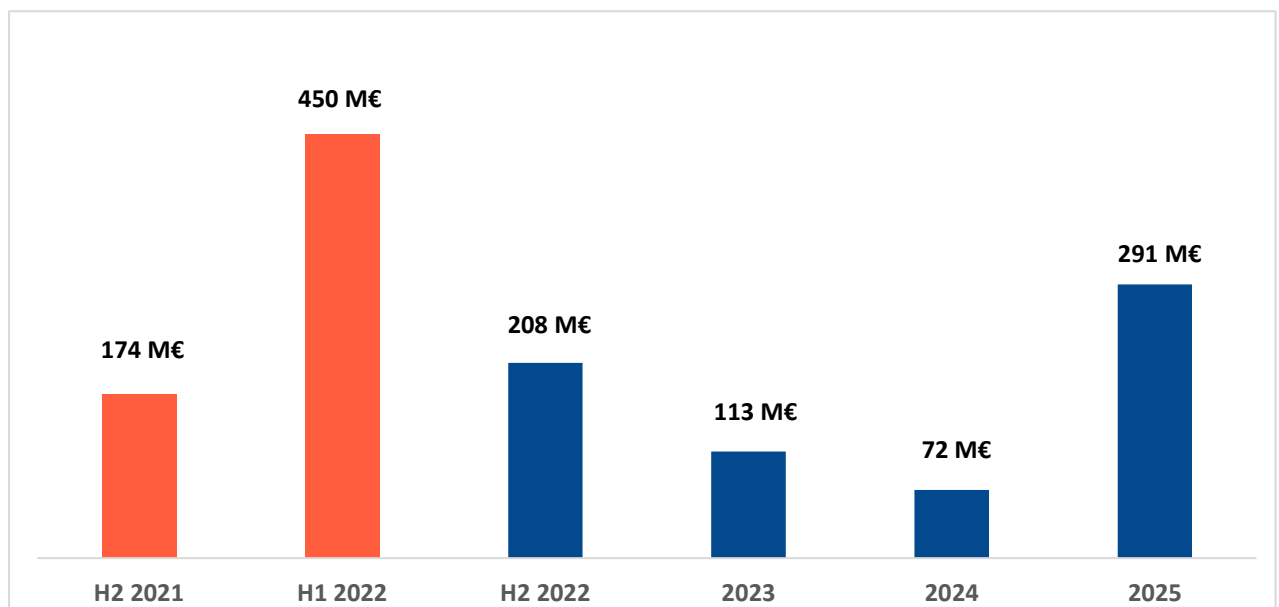
- ▶ Three projects were committed in the first half of 2021 : Bordeaux Jardin de l'Ars, Lyon Sévigné and Alexanderplatz.
- ▶ The current pipeline is composed of 12 projects representing 250,100 m², a total cost of €1.9 billion (€1.3 billion Group Share) with currently an average occupancy rate of 31% and a 5.2% yield.
- ▶ Five projects (Madrid St-Lazare, Monceau, Anjou, Corso Italia and Loft) in the CBDs of Paris, Milan and Berlin, will be committed in the next months representing 45,450 m² and an estimated total cost of €670 million.

For detailed figures on the committed projects, see page 18 of this document.

Pipeline at H1 2021:



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



Next 12 months
42% pre-let

Beyond 12 months
Deliveries essentially in 2022, 2023, 2024 & 2025

7 office projects in **Greater Paris, Lyon & Milan**

5 prime buildings in high-quality locations
(European CBDs, Greater Paris and Bordeaux)

Committed projects	Location	Project	Surface ¹ (m ²)	Delivery	Target rent (€/m ² /year)	Pre-leased (%)	Total Budget ² (€M, 100%)	Total Budget ² (€M, Group share)	Target Yield ³
Silex II (50% share)	Lyon	Regeneration	30 900 m ²	2021	312	64%	169	85	5,8%
Total deliveries 2021			30 900 m²			64%	169	85	5,8%
Jean Goujon	Paris 8th	Regeneration	8 600 m ²	2022	>900	46%	189	189	4,0%
Paris So Pop (50% Share)	Paris 17th	Regeneration	31 300 m ²	2022	400	0%	230	112	5,7%
N2 (50% share)	Paris 17th	Construction	15 600 m ²	2022	575	0%	168	85	4,2%
Lyon Sévigné	Lyon	Regeneration	4 200 m ²	2022	240	10%	17	17	5,4%
Levallois Alis	Levallois - Greater Paris	Regeneration	19 800 m ²	2022	500	0%	208	208	4,8%
DS Extension 2 (50% share)	Vélizy - Greater Paris	Regeneration	27 500 m ²	2023	325	100%	141	71	7,1%
Bordeaux Jardin de l'Ars	Bordeaux	Construction	19 200 m ²	2024	220	51%	72	72	6,1%
Total deliveries 2022 and beyond			126 200 m²			29%	1 024	754	5,0%
Total France Offices			157 100 m²			33%	1 193	839	5,1%
Symbiosis D	Milan	Construction	18 500 m ²	2021	315	72%	89	89	6,9%
Total deliveries 2021			18 500 m²			72%	89	89	6,9%
Unione	Milan	Regeneration	4 500 m ²	2022	480	100%	47	47	4,6%
Vitae	Milan	Construction	10 000 m ²	2023	315	18%	42	42	6,5%
Total 2022 deliveries and beyond			14 500 m²			54%	89	89	5,5%
Total Italy Offices			33 000 m²			64%	178	178	6,2%
Alexanderplatz	Berlin	Construction	60 000 m ²	2025	449	0%	523	291	5,1%
Total deliveries 2022 and beyond			60 000 m²			0%	523	291	5,1%
Total German Offices			60 000 m²			0%	523	291	5,1%
Total Offices			250 100 m²			31%	1 894	1 308	5,2%

¹ Surface at 100%

² Including land and financial costs

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

2. Committed Pipeline France Residential

The current pipeline is composed of five projects located in the Greater Paris, representing 28,222 m², a total cost of €83 million Group Share; 90% is pre-sold. All projects will be sold.

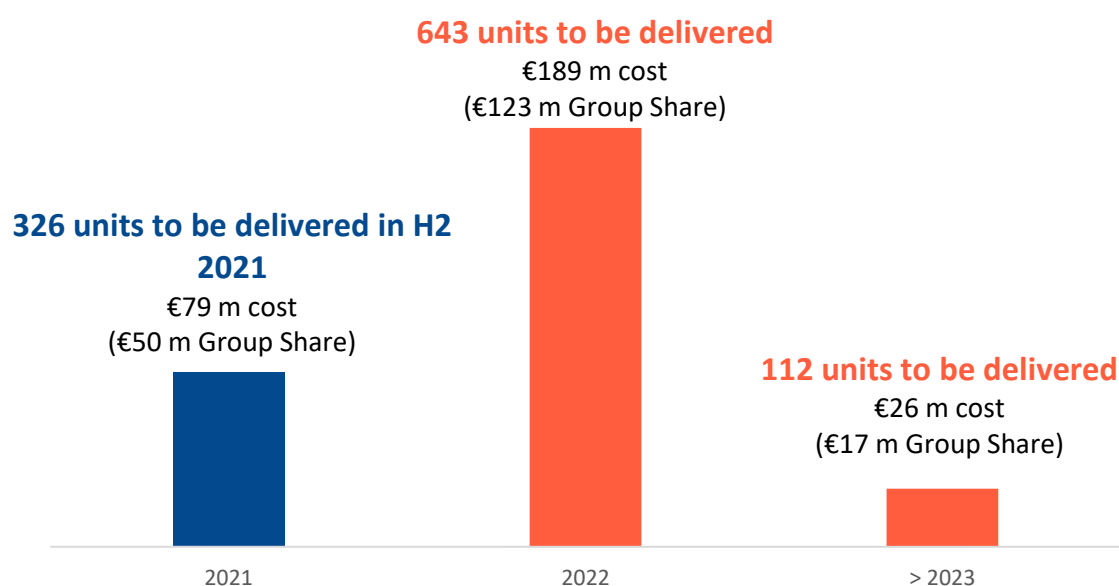
Committed projects	Units	Total Budget ² (€M, 100%)	Total Budget ² (€M, Group share)
Meudon, Observatoire	26	12	12
To be sold in 2021	26	12	12
Le Raincy	97	20	20
Saint-Germain-Les-Corbeil	80	13	13
Bobigny	158	34	23
Chartres Sully	110	15	15
To be sold in 2022 and beyond	445	82	71
Total France Resi	471 units	94	83

² Including land and financial costs

3. Committed pipeline German Residential

- ▶ No projects were delivered in the first half of 2021.
- ▶ Six residential projects were committed in Berlin totaling 233 residential units and for a total cost of €34 million Group share.
- ▶ In the first half of 2021, the pipeline was composed of twenty projects mainly located in Berlin, totaling 1,081 residential units and a total cost of €190 million Group share with a value creation or margin of sales target > 40%.

Delivery timeline for committed projects



Committed projects	Units	Total Budget ² (€M, 100%)	Total Budget ² (€M, Group share)	Target Yield
To be sold in 2021	197	57	37	n.a
To be sold in 2022 and beyond	445	129	85	n.a
Total German Resi Sales	642 units	187	121	n.a
To be let in 2021	129	22	13	5,3%
To be let in 2022 and beyond	310	86	55	4,8%
Total German Resi Letting	439 units	107	69	4,9%

² Including land and financial costs

4. Managed Pipeline

Offices to be committed in 2021: 100% CBD

- ▶ Covivio will launch 5 projects all located in European CBDs with an estimated total cost including land at €0.7 billion, of which €0.1 billion of remaining CAPEX to spend.

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



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 with obtained building permit are to be launched by the end of the year amounting to 1,100 flats. In addition, more than 200,000 m² are under study with the will to progressively be launched after 2022. This pipeline amounts to 2,800 flats, 65% of which being in Greater Paris while the remainder is located in major regional cities.

Germany residential managed projects:

Covivio continues to strengthen its medium term pipeline thanks to existing landbanks and acquisition of new lands. This is 183,000 m² of residential areas that could be gradually launched in 2022 and beyond, most of it in Berlin and represent a total cost of ~€643 million (€416 million Group share).

Potential medium term projects in the office portfolio:

In 2022-2023, most of the assets to be potentially vacated considering the lease breaks and to be redeveloped as office or residential properties are located in Paris (4 buildings currently let to Orange; 26,600 m²), with four others in Greater Paris (61,200 m²).

Landbanks:

Covivio owns landbanks :

- in Greater Paris (60,000 m²) and Major French Cities (70,000 m² mainly for turnkey developments);
- in Milan with Symbiosis (60,000 m²), The Sign (15,000 m²) and Porta Romana (70,000 m²);
- in Berlin with the potential for a second tower of 70,000 m² in Alexanderplatz, and Plano (15 000m²), next to the existing Sunsquare building (15,000m²), a land in Leipzig (25,000m² lettable) and Dresden (5,000m²)

I. PORTFOLIO

Portfolio value: +2.0% like-for-like growth

(€ million, Excluding Duties)	Value 2020 Group Share	Value H1 2021 100%	Value H1 2021 Group share	LfL ¹ 6 months change	Yield ² 2020	Yield ² H1 2021	% of portfolio
France Offices	5,933	7,084	5,770	+1.0%	4.8%	4.5%	33%
Italy Offices	2,719	3,370	2,717	+0.4%	5.2%	5.3%	16%
German Offices	1,541	1,749	1,503	-0.4%	3.4%	3.3%	9%
Residential Germany	4,257	7,240	4,663	+7.4%	3.7%	3.5%	27%
Hotels in Europe	2,532	6,492	2,526	-1.0%	5.5%	5.5%	15%
Total strategic activities	16,982	25,935	17,180	+2.1%	4.4%	4.4%	99%
Non-strategic	123	137	92	-11.8%	9.4%	10.5%	1%
Total	17,105	26,072	17,272	+2.0%	4.5%	4.4%	100%

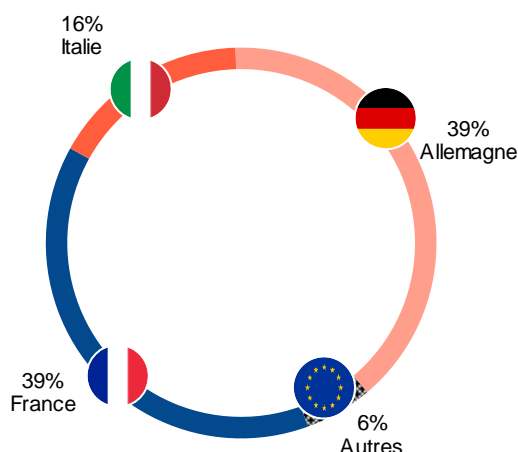
¹ LfL: Like-for-Like

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

The portfolio grew by €0.2 billion to €17.3 billion Group share (€26.1 billion in 100%) mostly due to the increase in value of the German Residential portfolio. At constant scope, Covivio proved its solidity with a +2.0 % increase explained by:

- ▶ +5% driven by the office development pipeline, as an acknowledgement for Covivio's development strategy for high quality assets in attractive locations.
- ▶ +7.4% like-for-like growth on German residential. All German cities where Covivio's residential portfolio is located showed like-for-like growth: in Berlin (+6.4%) with the cancellation of the Mietendeckel law, in North Rhine-Westphalia, the second largest exposure (+9.0%), Dresden & Leipzig (+8.4%) and Hamburg (+7.8%).
- ▶ -1.0% on Hotels, holding up reasonably well thanks to the B&B portfolio, which has been estimated upwards following the disposal of 11 assets of this portfolio.

Geographical breakdown of the portfolio in 2021 93% in major European cities and +2 pts in Germany vs 2020



J. LIST OF MAIN ASSETS

The value of the ten main assets represents almost 17% of the portfolio Group share, stable vs end 2021.

Top 10 Assets	Location	Tenants	Surface (m ²)	Covivio share
CB21 Tower	La Défense (Greater Paris)	Suez, Verizon, BRS	68,076	75%
Garibaldi Towers	Milan	Maire Tecnimont, LinkedIn, etc.	44,700	100%
Herzogterassen	Düsseldorf	NRW Bank, Deutsche Bank, Mitsui	55,700	93%
Dassault Campus	Vélizy (Greater Paris)	Dassault Systèmes	97,000	50%
Frankfurt Airport Center	Frankfurt	Lufthansa, Fraport, Operational Services	48,100	93%
Carré Suffren	Paris 15th	AON, Institut Français, OCDE	25,200	60%
Jean Goujon	Paris 8th	Roland Berger	8,688	100%
Hamburg / Zeughaus	Hamburg	Universitätsklinikum Hamburg-Eppendorf	43,500	93%
Art&Co	Paris 12th	Wellio, Adova, Bentley, AFD	13,500	100%
Flow	Montrouge (Greater Paris)	Edvance (EDF Subsidiary)	23,492	100%

2. BUSINESS ANALYSIS BY SEGMENT

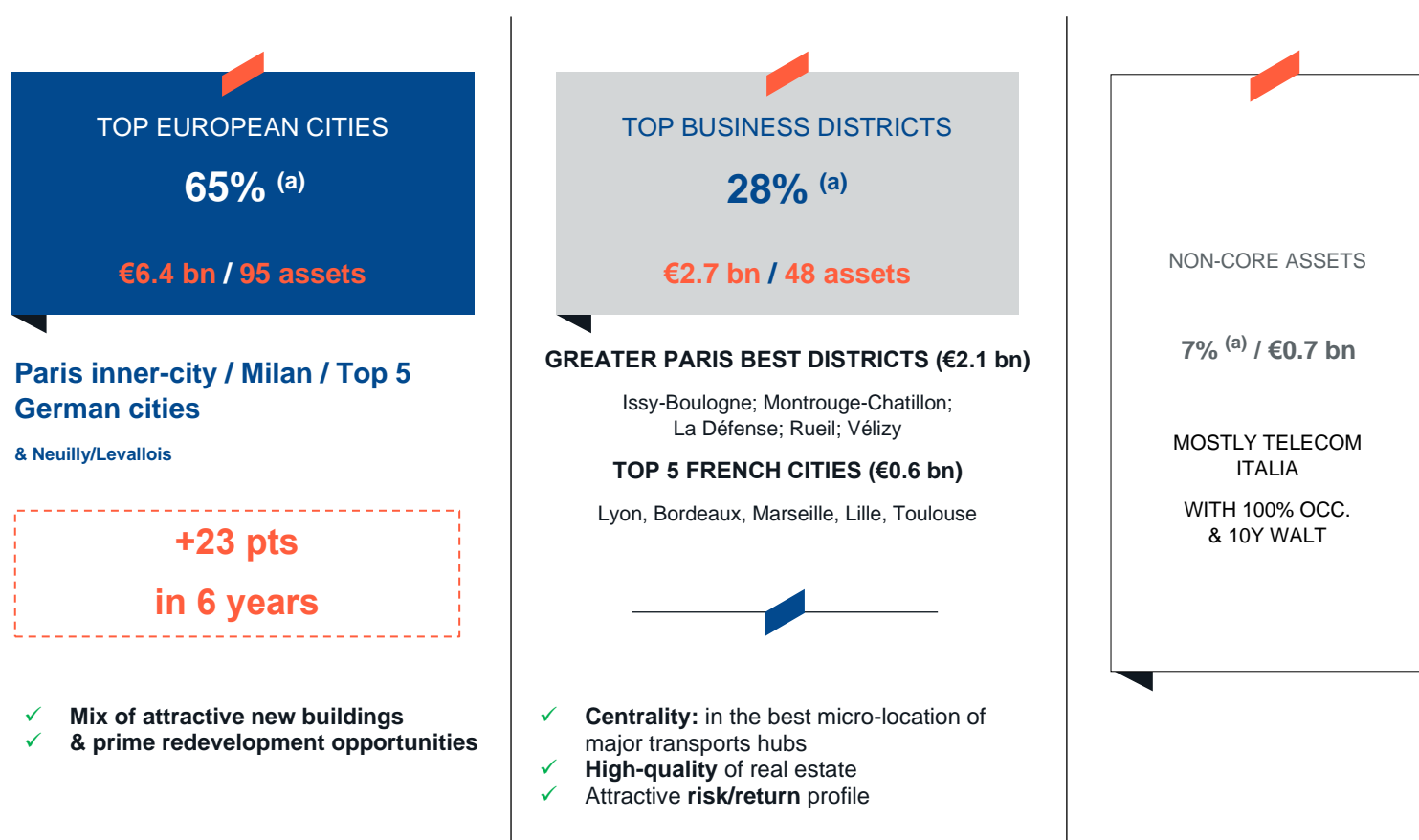
A. OFFICES: 58% OF COVIVIO'S PORTFOLIO

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

Covivio owns offices in France, Italy, and Germany with a portfolio of **€12.2 billion (€10.0 billion Group share)** at end-June 2021. For several years now, the Group has implemented an active asset rotation policy, reinforcing its footprint on inner-city locations. Thus, Covivio's portfolio has been refocused and now is located:

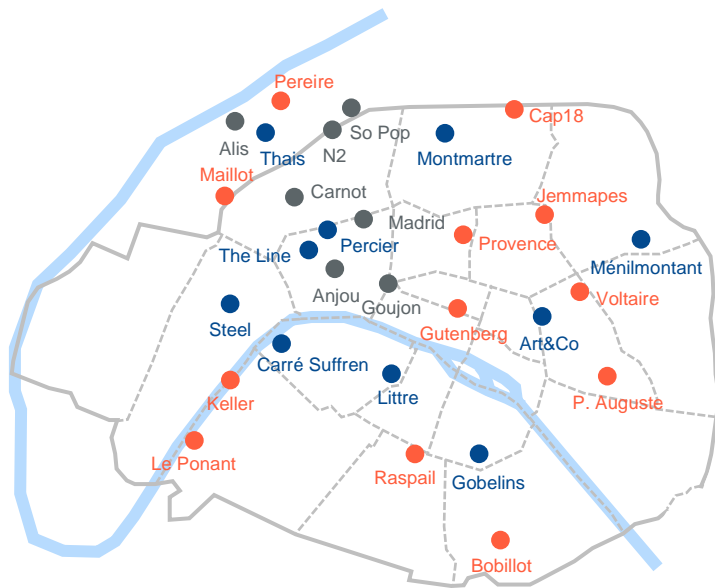
- ▶ **65% in Paris, Milan and the 5 main German cities**, compared to 42% 6 years ago;
- ▶ **28% in the best locations in Greater Paris** (Issy-les-Moulineaux, Boulogne, La Défense, Chatillon/Montrouge, Vélizy/Meudon) and the **major French cities**.
- ▶ The remaining 7% are mainly attributable to the portfolio leased to Telecom Italia for a 10-year term.

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



(a) Excluding assets under disposal agreements in France & Italy from office portfolio (0.2 bn Group Share)

Paris & Neuilly / Levallois Offices portfolio (29%^(a); €2.9 billion)

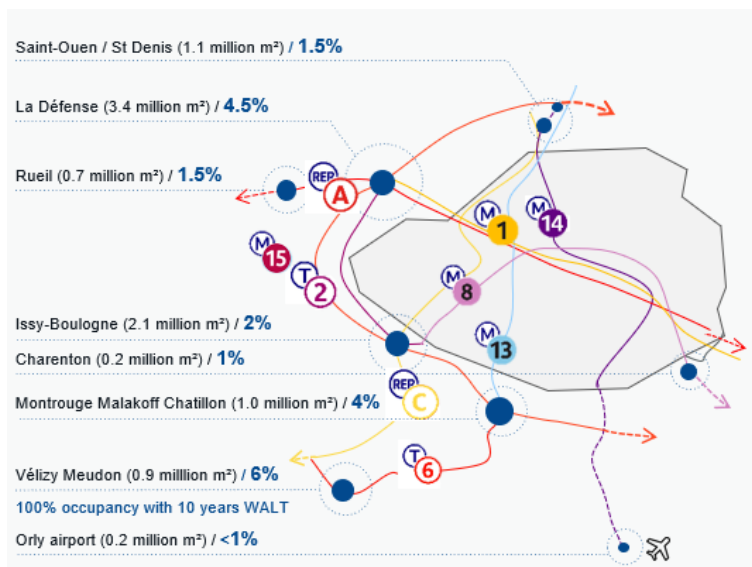


- New / renovated assets €1.1 billion
- Committed & to be committed development projects €1.0 billion
- Occupied assets with development potential €0.8 billion

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



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



UNCOMPROMISING QUALITY OF REAL ESTATE

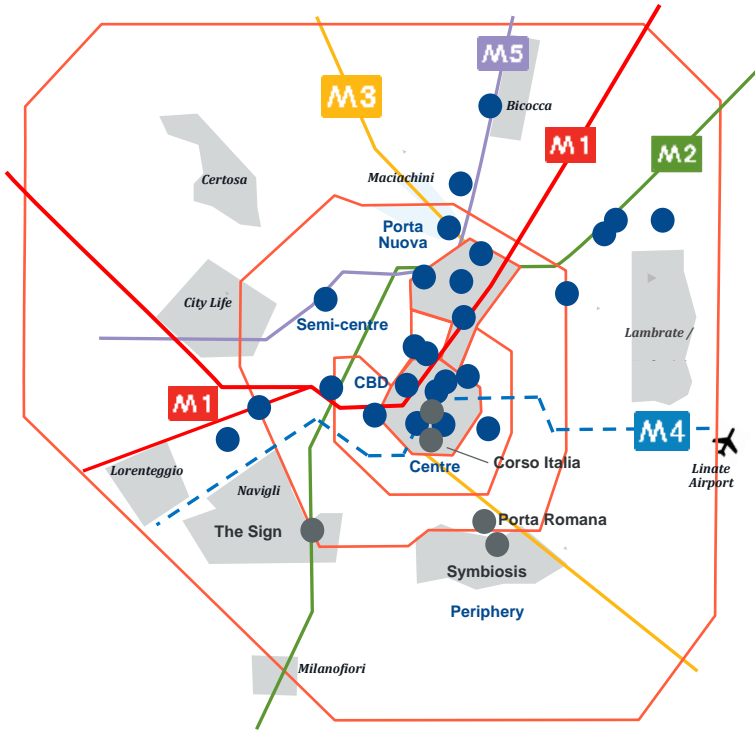
- <5 min walk from rail transport**
86% of portfolio + 10% within 10 min walk
- Certified green assets**
100%
- Services operated by Covivio**
96% Target 100% by 2025

AND OTHER COMPETITIVE ELEMENTS

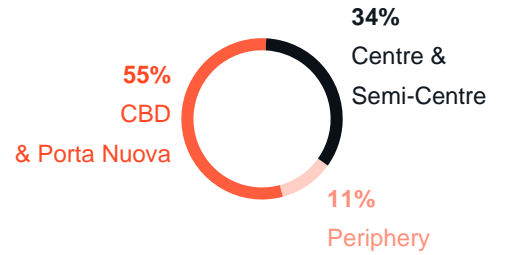
- Size of the buildings & floors**
14,000 m² median size of buildings
- Lower cost**
€280 to €400/m² on new space

(a) Excluding assets under disposals agreements in France & Italy from office portfolio (0.2 bn Group Share)

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

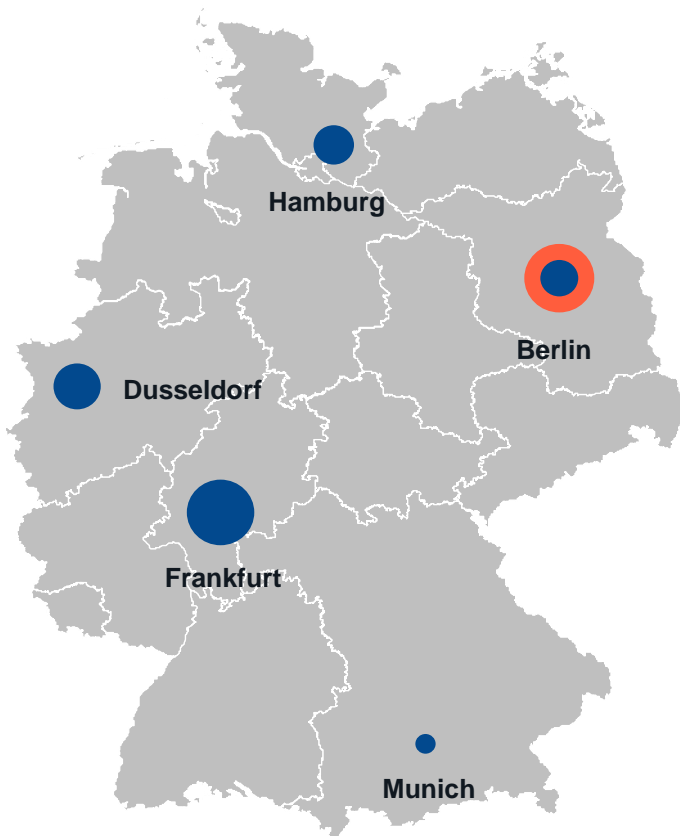


- Operating portfolio
- Committed developments

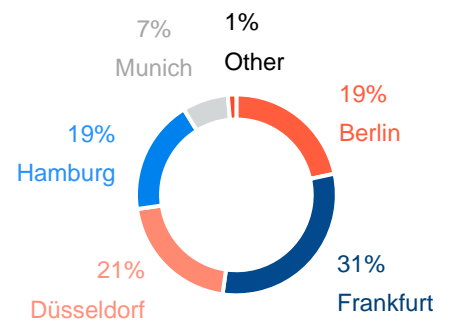


* Excluding Telecom Italia assets

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



- Operating portfolio
- Developments



(a) Excluding assets under disposals agreements in France & Italy from office portfolio (0.2 bn Group Share)

B. FRANCE OFFICES: 33% OF COVIVIO'S PORTFOLIO

Covivio owns an office portfolio in France of €7.1 billion (€5.8 billion Group share) located:

- 51% in Paris & Neuilly / Levallois;
- 37% in top business districts of Greater Paris;
- 12% in the centre of major regional cities.

1. Polarized market holds up overall with investors still active

The first half of 2021 was marked by the pandemic and its two lockdowns, weighing on the office letting market, while the investment market for offices remained dynamic.

- ▶ **Take-up** in Paris region is recovering, beside a Q1 2020 less impacted, and benefitted from less restrictive lockdowns compared to last year to reach 765,600 m² (+14% vs H1 2020), with an acceleration in the second quarter (+34% vs Q1 2021)
 - **In Paris**, take-up increased by 24% to 300,600 m²;
 - **In Greater Paris** (excl. 2nd ring), the take-up (345,000 m²) increased by 50% excluding the Total transaction in La Défense which has driven take-up in this area last year (126,000 m²);
 - The number of transactions for surfaces over 5,000 m² has doubled up to 23 (vs 12 in H1 2020).
- ▶ **Vacancy rate** slightly increased to 7.1% from 6.5% end-2020, close to the 10-year vacancy rate at 6.7%. The **immediate supply** now represents 4.0 million m² (up 34% year-on-year), of which 29% of new space.
- ▶ For the first time since 2016, **future available supply** in Greater Paris decreased, to reach 2.1 million m² stock under construction (31% pre-let).
- ▶ Average **headline rents for new or restructured space** and for second-hand space are stable on average year-on-year in Greater Paris.
 - Prime rents in Paris remains at its all-time high of €930 m²/year. Covivio managed to sign a lease at this price in 2021 in one of its flagship development project in Paris CBD;
 - Incentives in the Paris region increased to reach 23% at end-march, above the 5-year average (21%).
- ▶ **Offices investments** in the first semester of 2021 in Greater Paris totalled €4.5 billion, down 25% YoY but still in line with the average since 2010 despite the crisis. This asset class largely remains the most popular among investors accounting for 87% of the total investments in Greater Paris (€5.2 billion). There is still a significant gap between prime yields (stable between 2.50% and 3.00% in Paris) and the 10-year OAT (0.046% in July 2021).

At end June 2021, the France Offices activity was marked by:

- ▶ **+1% like-for-like value growth** over one semester, thanks mainly to value creation on our development projects offsetting decreases on temporary challenging assets.
- ▶ Deliveries of 4 assets in Paris, Montrouge and Montpellier, of which 3 are fully occupied.

2. Accounted rental income: **-2.8%** at a like-for-like scope

(€ million)	Rental income H1 2020 100%	Rental income H1 2020 Group share	Rental income H1 2021 100%	Rental income H1 2021 Group share	Change (%) Group share	Change (%) Lfl ¹ Group share
Paris Centre West	17.3	17.3	16.3	16.3	-5.9%	+1,7%
Paris South	16	13.2	14.7	12.6	-4.4%	-9,5%
Paris North- East	10.4	10.4	10.1	10.1	-2.7%	-1,4%
Total Paris	43.7	40.8	41.2	39.0	-4.4%	-2,9%
Western Crescent and La Défense	32.4	28.7	26.6	23.4	-18.4%	-6,5%
First ring	23.5	15.4	27.0	18.9	+22.5%	+0,9%
Second ring	1.7	1.7	1.4	1.4	-18.7%	+0,9%
Total Paris Region	101.3	86.7	96.1	82.7	-4.6%	-3,2%
Major regional cities	12.9	12.1	10.4	9.6	-20.3%	-0,2%
Other French Regions	6.8	6.8	4.3	4.3	-36.6%	-0,3%
Total	121.0	105.7	110.8	96.6	-8.5%	-2,8%

¹ Lfl: Like-for-Like

Overall, rental income decreased by 8.5% to €97 million Group share (-€9.1 million) mainly as a result of:

- ▶ **decrease of rental performance** (-€2.8 million) with -2.8% on a like-for-like basis mostly driven by releases in Paris South and La Défense relet since then;
- ▶ **deliveries** (+€4.8 million) in 2020 and H1 2021 in major regional cities and in the 1st ring, 73% pre let on average before delivery;
- ▶ **releases of assets, essentially for redevelopment** in the second half of 2020 (-€3.4 million), especially in Paris Centre West;
- ▶ **disposals** (-€7.0 million), in 2020 and 2021 of mature assets in Western Crescent and French regions.

3. Annualised rents: **€222.2 million Group share**

(€ million)	Surface (m ²)	Number of assets	Annualised rents H1 2020 Group share	Annualised rents H1 2021 100%	Annualised rents H1 2021 Group share	Change (%)	% of rental income
Paris Centre West	89,769	11	33.4	33.8	33.8	1.3%	15%
Paris South	72,155	8	25.7	33.6	28.2	9.8%	13%
Paris North- East	140,818	7	20.8	20.8	20.8	-0.1%	9%
Total Paris	302,742	26	79.8	88.2	82.8	3.7%	37%
Western Crescent and La Défense	185,140	11	61.3	58.6	52.0	-15.1%	23%
First ring	498,689	26	46.3	85.1	56.1	21.2%	25%
Second ring	43,227	14	3.1	2.6	2.6	-16.6%	1%
Total Paris Region	1,029,798	77	190.5	234.5	193.5	1.5%	87%
Major regional cities	365,332	34	33.2	33.2	24.9	-25.0%	11%
Other French Regions	107,720	33	8.3	3.8	3.8	-54.0%	2%
Total	1,502,850	144	232.0	271.5	222.2	-4.2%	100%

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

- 26 assets in Paris, new or with high potential for redevelopment (45% of portfolio value);
- 62 assets of high quality in Greater Paris and centre of major regional cities (53% of portfolio value);
- 31 non-core assets, of which 10 are under disposal agreements (1%);
- 25 assets under study for residential development (1%).

The 4% decrease is mainly explained by the variation in the Western Crescent including La Défense (-15%). This decrease is explained by two effects on CB21: the release and the activation of a clause in the Suez' contract signed in 2013, reviewing to the current market level (ca. -10%). Suez is still engaged on CB21 for 4.0 years, for 66% of the surface area of the tower. This decrease has partially been offset by deliveries in the First Ring and in Paris South.

4. Indexation

The indexation effect is +€0.3 million (Group share). For current leases:

- ▶ 88% of rental income is indexed to the ILAT (Service Sector rental index);
- ▶ 11% to the ICC (French construction cost index);
- ▶ The balance is indexed to the ILC or the IRL (rental reference index)

5. Rental activity: 68,800 m² renewed or let during H1 2021

	Surface (m ²)	Annualised IFRS rents H1 2021 GS	Annualised rents H1 2021 (€/m ² ,100%)
Vacating	56,423	9.4	184
Letting	8,553	2.0	229
Pre-letting	15,044	5.4	358
Renewals	45,185	8.6	190

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

- ▶ **More than 45,000 m² were renegotiated or renewed** in 2021 with a +3 year lease extension on average. Covivio has notably renegotiated more than 33,000 m² in Velizy with Eiffage at the same level of rent with a 10-year lease.
- ▶ **23,600 m² have been let or pre-let** in the first half of 2021, including 15,000 m² on development projects, with:
 - **9,100 m² on Jardin de l'Ars in Bordeaux**, to be delivered in 2024 but now already 50% pre-let with a 12 years lease to Onepoint;
 - **3,700 m² on Jean Goujon in Paris CBD**, to be delivered in 2022 and now 46% pre-let with a 9 year-lease at a prime rent to Roland Berger;
 - **2,800 m² in Paris-Carré Suffren** with one of the main actors in social housing in France, for 6 years;
 - **2,600 m² in Coeur d'Orly Belaïa**: 2 new leases for 9 years on this asset that was delivered in 2020;
 - **2,300 m² in Silex 2 in Lyon**, to Archimed, in a building in the heart of the Part-Dieu district, now 64% let that was delivered in July;
 - **2,100 m² in La Défense-CB21** with 3 new tenants
- ▶ **56,000 m² was vacated**, mostly in major regional cities (40,000 m²), Western Crescent & La Défense (7,400 m²), and Paris & Levallois (3,700 m²) including:

- 40,100 m² for redevelopment or residential redevelopment, mostly in major regional cities (Montpellier, Nice);
- 11,100 m² on well positioned assets in central locations mainly in Paris, La Défense and Levallois, and well connected to public transports (in front of underground stations).

6. Lease expiries and occupancy rate

6.1. Lease expiries: firm residual lease term of 4.8 years

(€ million)	By lease end date (1st break)	% of total	By lease end date	% of total
2021	18.3	8%	17.3	8%
2022	39.6	18%	29.2	13%
2023	33.0	15%	19.6	9%
2024	10.1	5%	6.5	3%
2025	30.4	14%	27.6	12%
2026	3.6	2%	1.9	1%
2027	16.4	7%	14.5	7%
2028	6.9	3%	18.2	8%
2029	6.3	3%	22.0	10%
2030	38.2	17%	38.4	17%
Beyond	19.5	9%	27.0	12%
Total	222.2	100%	222.2	100%

The firm residual duration of leases slightly increased at 4.8 years vs year-end-2020 (+0.2 year) thanks to renegotiations.

€18 million of expiries are coming in 2021, representing 2.6% of Covivio total annualised revenues. More than 90% of them are managed, mainly on assets to be vacated for redevelopment in Paris CBD (Monceau, Anjou, Madrid St Lazare).

In 2022, the €40 million of lease expiries representing 5.7% of Covivio annualised revenues are split as follow:

- ▶ 1.5% of Covivio annualised revenues (€10 million) to be managed, mainly on assets in Issy-les-Moulineaux/Boulogne (€6 million) already currently under negotiation
- ▶ 4.3% of Covivio annualised revenues (€30 million) already managed due to assets that will be vacated for redevelopment (€22 million), mostly located in Paris CBD (€14 million) or to break option that will not be exercised (€8 million).

6.2. Occupancy rate: 92.1% at end June 2021

(%)	2020	H1 2021
Paris	97.1%	97.7%
Western Crescent and La Défense	92.9%	88.1%
Inner ring	87.3%	89.1%
Outer ring	86.8%	85.3%
Total Paris Region	92.9%	92.2%
Major regional cities	96.8%	95.4%
Other French Regions	84.1%	71.0%
Total	93.1%	92.1%

The occupancy rate level is in slight decline vs end-2020 (-1.0 pts), due to some releases in Paris (fully relet since then) and La Défense, where spaces have already been partially re-let despite the slowdown in the letting market. In Paris, the occupancy rate increased from 97.1% to 97.7% at end-June 2021.

7. Disposals: €102 M secured in H1 2021

(€ million)	Disposals (agreements as of end of 2020 closed)	Agreements as of end of 2020 to close	New disposals H1 2021	New agreements H1 2021	Total H1 2021	Margin vs 2020 value	Yield	Total Realised Disposals
	1		2	3	= 2 + 3			= 1 + 2
Total Paris	-	19	-	-	-			-
Total Paris Region	142	30	1	1	2	-2.6%	0.0%	143
Major regional cities	109	2	94	-	94	5.7%	4.6%	202
Other French Regions	36	7	4	2	6	-16.1%	17.3%	40
Total 100%	287	40	99	3	102	3.9%	5.2%	386
Total Group share	243	40	99	3	102	3.9%	5.2%	342

Covivio has secured €102 million of disposals, mostly on mature assets in major regional cities, with +4% margin vs end-2020 appraisals, enabling it to finance development projects with strong value-creation potential:

- ▶ **€94 million of mature assets** located in Lyon and Lille, on which Covivio extracted the full potential of value creation through the entire real estate cycle: development, full letting at delivery achieving top rent, asset management and disposal.
- ▶ **€8 million for 10 non-core assets** in French regions. Now, only 31 non-core assets remain, equivalent to 1% of the France Offices' portfolio, with 10 under disposal agreements.

8. Portfolio values

8.1. Change in portfolio values: -€163 million in Group Share since 2020

(M€, Including Duties Group share)	Value 2020	Acquis.	Invest.	Disp.	Value creation on acquis./disp.	Change in value	Franchise	Transfer	Change in scope	Value H1 2021
Assets in operation	4,819	-	45	-342	11	12	-3	377	2	4,920
Assets under development	1,115	-	61	-	-	45	-	-377	6	851
Total	5,933	-	106	-342	11	57	-3	-	8	5,770

The portfolio value has decreased by €163 million since year-end-2020 mainly driven by:

- ▶ + €57 million from **like-for-like** value growth mostly driven by development;
- ▶ + €106 million invested in **development projects** and in **upgrading work** on assets in operations;
- ▶ - €342 million from **disposals** that allowed Covivio to crystallise the value of mature assets and to finance investments in the development pipeline.

8.2. Like-for-like portfolio evolution:

+1.0%

(€ million, Excluding Duties)	Value 2020 Group share	Value H1 2021 100%	Value H1 2021 Group share	LfL (%) change ¹ 6 months	Yield ² 2020	Yield ² H1 2021	% of SubTotal
Paris Centre West	1,233	1,384	1,317	+5.1%	3.4%	3.3%	23%
Paris South	711	879	729	+1.3%	3.9%	3.9%	13%
Paris North- East	515	644	532	+0.1%	5.0%	5.0%	9%
Total Paris	2,459	2,907	2,578	+3.0%	3.9%	3.8%	46%
Western Crescent	1,148	1,290	1,140	-2.2%	5.5%	5.2%	20%
<i>Neuilly / Levallois</i>							6%
<i>La Défense / Péri Défense / Rueil</i>							11%
<i>Issy-les-Moulineaux / Boulogne</i>							4%
Inner ring	1,251	1,800	1,271	+0.1%	5.1%	4.9%	22%
<i>Montrouge / Malakoff / Châtillon</i>							7%
<i>Vélizy / Meudon</i>							10%
<i>Other</i>							5%
Total Paris Region	4,858	5,997	4,988	+1.0%	4.6%	4.5%	88%
Major regional cities	708	970	665	+1.5%	5.6%	4.7%	12%
<i>Lyon / Marseille / Bordeaux</i>							5%
<i>Other</i>							7%
SubTotal	5,566	6,968	5,653	+1.1%	4.8%	4.5%	100%
Other French Regions and Outer ring	104	91	91	-2.6%	7.3%	6.8%	-
Assets under disposals agreement	262	26	26	n.a	4,6%	n.a	-
Total	5,933	7,084	5,770	+1.0%	4.8%	4.5%	-

¹ LfL: Like-for-Like

² Yield excluding assets under development

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

- ▶ 51% in Paris/Levallois;
- ▶ 37% in top business districts in Greater Paris;
- ▶ 12% in top locations in major regional cities (Lyon, Marseille, Bordeaux).

The high quality of the portfolio explains the increase in values by 1% on a like-for-like basis at end-June 2021 despite the crisis, further illustrating Covivio's secured profile in France Offices made up of:

- ▶ A dynamic **development portfolio** with significant value increase (+5.6%) explained by its strong and attractive locations, particularly driven by Jean Goujon in Paris with the pre-letting of 46% of the building to Roland Berger at a prime rent in Paris CBD.
- ▶ Increases on assets delivered in the first semester of 2021 in Paris CBD, Greater Paris, or major regional cities, highlighting Covivio's ability to bear development projects and successfully extracting value creation in every area of France with an average +6.5% LFL:
 - Paris Gobelins, delivered in March already fully occupied by Expertise France through our Wellio brand;
 - Montrouge Flow delivered in March already fully let to a subsidiary of EDF;
 - Two buildings in Montpellier, one already fully let to Orange and the other one dedicated to services.
- ▶ Decreases on the temporarily **challenged assets** mainly in La Défense/Peri-Defense/Rueil, some assets being under study for residential conversion.

9. Assets partially owned

Partially owned assets are the following:

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

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

Covivio's Italy strategy is focused on Milan, where the Group's acquisitions and developments are concentrated. At end-June 2021, the Group owned offices worth €3.4 billion (€2.7 billion Group share) composed of:

- 74% (€2.0 billion) of offices in Milan, mostly in the CBD and centre of the city;
- 19% (€0.5 billion Group share) Telecom Italia assets outside Milan, 100% occupied with 10.2 years firm lease;
- 7% (€0.2 billion) non-core assets outside Milan.

1. A recovering letting market, difficulties on the investment side but low yields remain

- ▶ Milan office **take-up** is recovering, at 180,000 m² at end June 2021 (+9% vs H1 2020) with an increase in the number of transactions from 86 to 103 (especially marked in the centre and semi-centre where it doubled up from 20 to 36). Grade A buildings were the most in demand, representing 77% of the take-up, which is the highest number for the last 10 years.
- ▶ The **vacancy rate** slightly increased to 10.1% (vs 9.5% at end-2020) but remains low in the inner-city with 5.6% of vacancy in the centre and semi-centre (200,000 m² of immediate supply), where Covivio's assets are mainly located (90% of the portfolio).
- ▶ **Prime rents** remained stable in the CBD at €600/m² but increased in the semi-centre at €390/m² (vs €370/m² end-2020). Slight decrease on the net effective prime rent in Milan vs end-2020 by 3%, standing now at €500/m².
- ▶ Total **investment volumes** in Milan reached €730 million, down 33% year-on-year, split on 15 deals. Prime yields in Milan remain stable at 3.25% as investors have been focusing on core assets.

Covivio's activities in Italy in the first six months of 2021 were marked by:

- ▶ A resilient **occupancy rate of 97%**;
- ▶ Acceleration of **non-core disposals**, with €113 million outside Milan;
- ▶ Success of the development pipeline (lettings in Symbiosis D, built to sell for SNAM);
- ▶ Stability of values with a +1.1% like-for-like in Milan.

2. Accounted rental income: -1.7 % like-for-like

(€ million)	Rental income H1 2020 100%	Rental income H1 2020 Group share	Rental income H1 2021 100%	Rental income H1 2021 Group share	Change (%)	Change (%) LfL ¹	% of total
Offices - excl. Telecom Italia	43.3	43.3	38,0	38,0	-12.1%	-2.7%	49%
<i>of which Milan</i>	34.6	34.6	30,3	30,4	-12.3%	-2.9%	39%
Offices - Telecom Italia	40.9	20.9	39,0	19,9	-4.7%	0.0%	51%
Total	84.2	64.2	77,0	57,9	-9.7%	-1.7%	100%

¹ LfL: Like-for-Like

Overall, rental income decreased by €6.3 million compared to the first half of 2020 due to:

- ▶ **disposals** of non-core and core-mature assets in Milan (-€7.4 million);
- ▶ **like-for-like rental decrease** of -1.7% (-€1.0 million) mainly because of the release of a high street retail tenant in Milan Via Dante (-2.3%), partially offset by new leases on Garibaldi Complex (+0.8%) with +41% LFL on IFRS rent vs old rents;
- ▶ **deliveries** of The Sign B and The Sign C in Milan (+€3.3 million);
- ▶ **vacating for redevelopment** (-€1.0 m), in Milan CBD;
- ▶ other effects (-€0.2 m).

3. Annualised rental income: €127 million Group share

(€ million)	Surface (m ²)	Number of assets	Annualised rents 2020 Group share	Annualised rents H1 2021 100%	Annualised rents H1 2021 Group share	Change (%)	% of total
Offices - excl. Telecom Italia	384,324	51	83.9	88.6	88.6	5.6%	70%
Offices - Telecom Italia	826,371	112	40.9	75.8	38.6	-5.4%	30%
Development portfolio	113,202	6	-	-	-	n.a	n.a
Total	1,323,897	169	124.7	164.3	127.2	2.0%	100%

(€ million)	Surface (m ²)	Number of assets	Annualised rents 2020 Group share	Annualised rents H1 2021 100%	Annualised rents H1 2021 Group share	Change (%)	% of total
Milan	460,924	48	75.3	86.4	79.4	5.5%	62%
Rome	66,510	11	4.2	8.1	4.2	0.0%	3%
Turin	88,090	7	6.9	8.1	6.9	-0.4%	5%
North of Italy (other cities)	412,283	59	24.3	36.9	23.4	-3.8%	18%
Others	296,090	44	14.1	24.8	13.4	-5.0%	11%
Total	1,323,897	169	124.7	164.3	127.2	2.0%	100%

Annualised rental income increased by 2.0% mainly due to the deliveries of The Sign B and The Sign C in Milan.

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 first half of 2021, the average monthly change in the CPI was +0.9%.

5. Rental activity

(€ million)	Surface (m ²)	Annualised Top up rents H1 2021 Group Share	Annualised rents H1 2021 (100%, €/m ²)
Vacating	6,728	2.9	424
Lettings on operating portfolio	5,226	2.9	551
Lettings on development portfolio	4,675	1.7	371
Renewals	30,514	5.5	179
Sell to end-user	19,036	n.a	n.a

In the first half of 2021, around **28,900 m² of new leases** were signed:

- ▶ 19,000 m² in a sell to end-user deal with SNAM;
- ▶ 2,400 m² on the Garibaldi complex, now fully let, with a 41% increase vs old IFRS rent;
- ▶ 4,700 m² have been prelet on assets under development that will be delivered in 2022. In particular, 4,600 m² have been let on Symbiosis D, of which around 4,000 m² to LVMH Italia, highlighting the recognized quality of Covivio's buildings;
- ▶ The remaining 2,800 m² have been let on assets in Milan.

Additionally, 30,500 m² have been renewed with a duration extension of 3.1 years, mostly on one building in Milan, let to a large Italian group.

6,700 m² were vacated during the first half of 2021 in Milan:

- ▶ 5,500 m² has already been re-let or sold;
- ▶ 1,200 m² is under negotiation, located in excellent locations.

6. Lease expiries and occupancy rates

6.1. Lease expiries: **7.3** of average firm lease term

7.3
years

(€ million Group share)	By lease end date (1st break)	% of total	By lease end date	% of total
2021	7.2	6%	5.3	4%
2022	12.4	10%	9.7	8%
2023	4.3	3%	2.8	2%
2024	4.5	4%	3.4	3%
2025	8.3	7%	8.0	6%
2026	5.8	5%	8.0	6%
2027	5.9	5%	7.9	6%
2028	15.2	12%	15.0	12%
2029	4.7	4%	5.4	4%
2030	26.4	21%	21.4	17%
Beyond	32.6	26%	40.3	32%
Total	127.2	100%	127.2	100%

The firm residual lease term stabilized at 7.3 years thanks to new deliveries (The Sign B and The Sign C) and the renewal signed with a tenant in Milan.

In 2021, the €7 million of lease expiries representing 1% of Covivio annualised revenues of which 0.7% of Covivio annualised revenues (€5 million) still to be managed.

In 2022, the €12.4 million of lease expiries representing 1.8% of Covivio annualised revenues are split as follows:

- ▶ 1% of Covivio annualised revenues (€6.8 million) to be managed mainly with a long-term institutional partner;
- ▶ 0.8% of Covivio annualised revenues (€5.6 million) already managed due to break option not exercised and new contracts already signed.

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

(%)	2020	H1 2021
Offices - excl. Telecom Italia	95.4%	95.6%
Offices - Telecom Italia	100.0%	100.0%
Total	96.8%	96.9%

The occupancy rate of offices excluding Telecom Italia assets slightly increased to 95.6% (+0.2 pt compared to year-end 2020) mainly because of lettings success on Garibaldi Complex

7. Disposal agreements: €171 secured during H1 2021



(€ million, 100%)	Disposals (agreements as of end of 2020 closed)	Agreements as of end of 2020 to close	New disposals H1 2021	New agreements H1 2021	Total H1 2021	Margin vs 2020 value	Yield	Total Realised Disposals
	1		2	3	= 2 + 3			= 1 + 2
Milan	19	-	2	56	58	4.5%	4.4%	21
Rome	-	-	-	-	-	-	-	-
Other	1	12	74	123	197	2.1%	7.3%	75
Total 100%	20	12	76	180	255	2.7%	6.0%	95
Total Group share	19	7	46	125	171	2.2%	5.4%	65

At end June 2021, Covivio signed new agreements for €171 million of disposals of mature assets in Milan and non-core assets outside Milan at a 2% margin, in line with Covivio's strategy to focus on Milan.

8. Portfolio values

8.1. Change in portfolio values

(€ million, Group share Excluding Duties)	Value 2020	Acquisitions	Invest.	Disposals	Change in value	Transfer	Value H1 2021
Offices - excl. Telecom Italia	1,678		7	-21	-4	80	1,741
Offices - Telecom Italia	704		-	-29	4	-	679
Development portfolio	337		31	-	10	-80	298
Total strategic activities	2,719	-	38	-50	10	-	2,717

The portfolio value is stable at €2.7 billion (Group share) at end-June 2021, disposals (€50 million) being offset by investments (€38 million), mostly concentrated in the development pipeline in Milan, and rising values (€10 million).

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

(€ million, Excluding Duties)	Value 2020 Group share	Value H1 2021 100%	Value H1 2021 Group share	LfL ¹ change	Yield ² 2020	Yield ² H1 2021	% of total
Offices - excl. Telecom Italia	1,678	1,741	1,741	-0.2%	5.0%	5.1%	64%
Offices - Telecom Italia	704	1,331	679	+0.5%	5.8%	5.7%	25%
Development portfolio	337	298	298	+3.6%	n.a.	n.a.	11%
Total strategic activities	2,719	3,370	2,717	+0.4%	5.2%	5.3%	100%

¹ LfL: Like-for-Like

² Yield excluding development projects

(€ million, Excluding Duties)	Value 2020 Group share	Value H1 2021 100%	Value H1 2021 Group share	LfL ¹ change	Yield ² 2020	Yield ² H1 2021	% of total
Milan	1,983	2,172	2,019	+1.1%	4.6%	4.6%	74%
Turin	123	131	113	-4.2%	5.6%	6.7%	4%
Rome	88	173	88	+0.3%	4.7%	4.7%	3%
North of Italy	309	509	290	-2.7%	7.6%	7.8%	11%
Others	216	385	207	+0.1%	6.8%	6.8%	8%
Total	2,719	3,370	2,717	+0.4%	5.2%	5.3%	100%

¹ LfL: Like-for-Like

² Yield excluding development projects

The weight of Milan Offices now represents 74% of the portfolio (+1 pt vs end-2020) and 91% excluding Telecom Italia assets. Milan's large share is in line with Covivio strategy to focus on major European cities.

- ▶ Milan portfolio values have grown (+1.1%), sustained by the development portfolio's good performance (+3.6%) despite some value adjustments on high street retail surfaces (-3.3%).
- ▶ Telecom Italia portfolio slightly increased (+0.5%), relying on its strong fundamentals:
 - 100% occupancy;
 - 10.2 years average lease term.
- ▶ Non-core offices (outside Milan) continue to show a decrease (-7.8%) due to the general market situation. Covivio has greatly reduced its exposure in the last few years to these assets, which now represent only 6.6% of the portfolio.

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

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

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

The rental income deriving from this portfolio was consolidated at 44.9% in the first quarter 2020, at 89.3% in the second quarter and 99.8% in the second half of 2020 following the completion of the public offer. As of today, this portfolio is now fully consolidated.

Today Covivio boasts a strong Germany Office platform of 27 assets worth €1.7 billion (€1.5 billion Group share), located in the top 5 German cities (Berlin, Frankfurt, Düsseldorf, Hamburg and Munich).

1. Stable letting market, appetite for investments

- ▶ Take-up in German's top six markets remained stable in the first half of 2021 at 1.3 million m² but showed strong disparity between the cities: Frankfurt (+51%) and Hamburg (+25%) have known strong dynamism, Berlin showed resilience with its take-up increasing by 5% compared to last year while Düsseldorf (-36%) and Munich (-38%) suffered.
- ▶ Immediate supply is still scarce with a vacancy rate at 3.9% (+0.1 pt vs FY2020) on average, but with disparities: Berlin (2.2%), Hamburg (3.7%) and Munich (3.6%) show low vacancy while Düsseldorf (6.9%) and Frankfurt's (6.5%) levels remain quite high.
- ▶ Future supply is also limited, with around 4.2 million m² under construction of which 3.5 million m² will be delivered by the end of 2022:
 - Little risk of oversupply in the short term: high pre-let ratio of 52%
 - Future available space until 2022 represents 1.0 year of take up (year 2019)
- ▶ Prime rents remain stable since end-2020 in Berlin, Düsseldorf, Munich and Hamburg while there is a slight decrease in Cologne (-3%).
- ▶ Investments in Germany Offices in the first half of 2021 amount to €11.2 billion (+8% vs H1 2020 and even 28% above the 10-year average) thanks to a very strong second quarter (€7.7 billion).
 - Munich and Berlin showed great dynamism being the two most attractive cities (€2.8 billion each, with +139% vs H1 2020 for Munich).
 - The office prime yield of 2.8% continues offering a strong premium compared to the Germany 10-years government bond of -0.338%

2. Accounted rental income: +€4 million Group share in the first semester of 2021

(€ million)	Rental income H1 2020 100%	Rental income H1 2020 Group share	Rental income H1 2021 100%	Rental income H1 2021 Group share	Change (%) LfL ¹ Group share	% of rental income
Berlin	5.1	3.6	5.0	3.5	-1.7%	15%
Frankfurt	10.6	7.0	9.7	9.0	n.a	41%
Düsseldorf	4.0	2.7	4.3	4.0	+218.3%	18%
Hamburg	5.5	3.7	4.3	3.9	-10.1%	18%
Munich	1.2	0.8	1.3	1.2	n.a	5%
Other	0.9	0.6	1.0	0.6	+2.2%	3%
Total	27.3	18.4	25.6	22.3	-1.0%	100%

¹ LfL: Like-for-Like

The Germany Offices rental income grew by €4 million in Group share compared to H1 2020, thanks to the full-year impact of the acquisition of Godewind assets executed in H1 2020. The rental income deriving from this portfolio was fully consolidated in H1 2021 whilst it amounted to 67% on average in H1 2020.

LFL on rental income excludes Godewind, bought in 2020, and therefore covers a small scope. The -1.0% LFL is mainly linked to a departure of a tenant in an asset in Berlin, relet since then.

3. Annualised rents: €46 million Group share

Geographic breakdown

(€ million)	Surface (m ²)	Number of assets	Annualised rents H1 2020 Group share	Annualised rents H1 2021 100%	Annualised rents H1 2021 Group share	Change Group share (%)	% of rental income
Berlin	73,812	14	7.2	9.6	6.7	-6.8%	14%
Frankfurt	118,649	4	19.1	20.1	18.5	-3.3%	40%
Düsseldorf	68,882	2	8.3	8.8	8.3	0.0%	18%
Hamburg	70,746	2	8.2	8.8	8.3	1.2%	19%
Munich	37,104	2	2.7	2.9	2.7	1.2%	6%
Other	21,771	3	1.2	1.9	1.2	3.4%	3%
Total	390,963	27	46.6	52.2	45.7	-2.0%	100%

4. Indexation

Rents are indexed on the German consumer price index. At end June 2021, it showed an increase of +2.6%.

5. Rental activity

	Surface (m ²)	Annualised IFRS rents H1 2021 GS	Annualised rents H1 2021 (€/m ² ,100%)
Vacating	3,749	0.7	221
Letting	10,686	1.9	193
Renewals	1,818	0.3	177

The rental activity in the first half of 2021 was marked by:

- ▶ Nearly 11,000 m² let, of which around 4,800 m² in Hamburg (Zeughaus), 2,100 m² in Munich (Sunsquare asset), 2,000 m² in Berlin and 1,200 m² in Frankfurt.
- ▶ About 2,000 m² renewed during the past six months, with +6.8 years maturity, on assets in Düsseldorf, Frankfurt, and Hamburg.
- ▶ 3,700 m² of vacated space, including 2,000 m² in Frankfurt.

6. Lease expiries and occupancy rate

6.1. Lease expiries: firm residual lease term of 4.8 years

(€ million)	By lease end date (1 st break)	% of total	By lease end date	% of total
2021	3.7	8%	3.3	7%
2022	6.8	15%	5.7	13%
2023	6.5	14%	4.8	10%
2024	9.3	20%	6.7	15%
2025	4.1	9%	4.2	9%
2026	3.2	7%	3.1	7%
2027	4.2	9%	3.2	7%
2028	0.6	1%	3.0	7%
2029	1.7	4%	5.2	11%
2030	0.6	1%	0.8	2%
2031 beyond	4.8	11%	5.7	12%
Total	45.7	100%	45.7	100%

The firm residual duration of leases stands at 4.8 years (vs 4.9 years at end-2020)

Most of the €3.7 million of expiries in 2021 (0.5% of Covivio's annualised rents), are rental agreements on small office spaces, renewed automatically once a year and made with companies in the liberal professions (e.g. Medical doctors' offices).

€7 million of expiries are coming in 2022, representing 1% of Covivio annualised revenues. They include:

- ▶ €3 million are rental agreements on small office spaces, as mentioned above;
- ▶ €4 million to be managed mainly in Hamburg, Munich and Frankfurt, among which €2 million are expected to be renewed.

6.2. Occupancy rate of 78.3%

(%)	2020	H1 2021
Berlin	96.8%	94.0%
Frankfurt	86.2%	86.5%
Düsseldorf	58.3%	57.3%
Hamburg	77.4%	85.9%
Munich	51.4%	57.6%
Other	98.2%	100.0%
Total	76.7%	78.3%

The occupancy rate has improved and stands at 78.3% (+1.6 pt compared to year-end 2020) due mainly to lettings in Hamburg, Munich and Frankfurt.

71% of the vacancy (15 pts) is focused on Herzog-Terrassen in the centre of Düsseldorf (following cancellation of the WeWork lease), Zeughaus in Hamburg and Eight Dornach in Munich (previously occupied by Wirecard).

7. Disposals

(€ million)	Disposals 2020 (agreements as of end-2020 closed)	Agreements as of end-2020 to close	New disposals H1 2021	New agreements H1 2021	Total H1 2021	Margin vs end June 2020 value	Current rent annualised	Yield	Total Realised Disposals
	1		2	3	= 2 + 3				= 1 + 2
Berlin	-	-	61	-	61	-	-	n.a	61
Total 100%	-	-	-	-	-				-
Total Group share	-	-	61	-	61				61

Covivio sold 45% of its shares in Alexanderplatz development project to Covéa and Generali, a flagship development project in Berlin.

8. Portfolio values

8.1. Change in portfolio values

(€ million, Group share, Excluding Duties)	Value 2020	Acqu.	Invest.	Disposals	Value creation on Acquis./Disposals	Change in value	Other	Value H1 2021
Berlin	333	3	15	-61	-	2	-0	291
Frankfurt	471	-	5	-	-	-6	1	472
Düsseldorf	317	-	1	-	-	-4	1	314
Hamburg	285	-	1	-	-	6	1	292
Munich	114	-	2	-	-	-5	0	112
Other	21	-	0	-	-	0	0	21
Total	1,541	3	24	-61	-	-6	2	1,503

The portfolio value has decreased by €38 million since year-end 2020, mainly due to the disposal of 45% of shares of the Alexanderplatz project in Berlin for €61 million.

8.2. Like-for-like portfolio evolution:  -0.4%

(€ million, Excluding Duties)	Value 2020 100%	Value 2020 Group share	Value H1 2021 100%	Value H1 2021 Group share	Lfl ¹ change	Yield 2020	Yield H1 2021	% of total value
Berlin	413	333	438	291	+0.8%	4.1%	3.9%	19%
Frankfurt	513	471	513	472	-1.2%	4.0%	3.9%	31%
Düsseldorf	337	317	333	314	-1.3%	2.7%	2.8%	21%
Hamburg	305	285	312	292	+2.0%	2.9%	2.8%	19%
Munich	121	114	119	112	-3.9%	2.3%	2.4%	7%
Other	33	21	34	21	+1.4%	5.6%	5.5%	1%
Total	1,722	1,541	1,749	1,503	-0.4%	3.4%	3.3%	100%

¹ LfL: Like-for-Like

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

- ▶ The like-for-like change (-0.4%) includes decreases in valuation for assets in Munich and Dusseldorf which are still recovering from last year's tenant departures (WeWork break up and Wirecard bankruptcy for instance);
- ▶ In the meantime, assets in Berlin and Hamburg registered +0.8% and +2.0% like-for-like growth respectively.

E. GERMANY RESIDENTIAL

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

Covivio owns around ~40,800 apartments in Berlin, Hamburg, Dresden, Leipzig and North Rhine-Westphalia, representing €7.2 billion (€4.7 billion Group share) of assets.

1. Strong market fundamentals

- ▶ **Housing gap** persists with a deficit of around 400,000 units in Germany:
 - **Especially marked in Berlin** with a lack of ~ 205,000 units.
 - Unlikely to resorb soon: +5% population expected by 2030 while the number of building permits is increasing too slowly (+2.9% in May 2021 vs last year)
 - The supply of apartments to rent in the city has fallen by almost 2/3 in 2020. The shortage increased with the Berlin rent regulation in 2020.
- ▶ This shortage continues to drive an important **increase in rents & values** in Germany. In the top 8 cities:
 - Rents rose by an average of 3.5% in 2020, to an average of €8.3 /m²
 - Asking prices for apartments increased by 11% in 2020, bringing the aggregate 5-year growth to 56%
- ▶ **In Berlin** in the first semester of 2021:
 - The median **asking rent** on new buildings increased by 12.2% to €20.0 /m² over one year while asking rent on existing building follow an even more dynamic trend (+20.1% to €13.5 /m²).
 - The median **asking price grew by 5.4%** and now stands above 5,130 €/m², well above the current valuation of Covivio's residential portfolio (€3,194 /m² in Berlin). The square meter price for **new buildings also reached a new high** of €7,380 /m² (+13.1%).
- ▶ **In February 2020**, Berlin implemented the Mietendeckel law to freeze housing rents for five years and in November 2020 it set rent caps on most residential units. **This law has been cancelled in April 2021**, a legislation at the federal level being already in place.

In the first semester of 2021, Covivio's activities were marked by:

- ▶ Continued rental growth: +3.8% on a like-for-life basis, driven by NRW and Berlin where the Mietendeckel has been cancelled in April.;
- ▶ Strong value growth: +7.4% increase on a like-for-like basis;
- ▶ Acquisition of 592 units in Berlin for an average of €3,194 /m² and 2,000 m² of land bank with a development potential of 32 units.

2. Accounted rental income: +3.8% at a like-for like scope

(In € million)	Rental income H1 2020 100%	Rental income H1 2020 Group share	Rental income H1 2021 100%	Rental income H1 2021 Group share	Change Group share (%)	Change Group share (%) LfL ¹	% of rental income
Berlin	59.5	38.5	62.1	40.2	4.4%	+3.6%	48%
of which Residential	48.5	31.4	50.2	32.5	3.6%	+3.9%	39%
of which Other commercial ²	11.0	7.1	11.9	7.7	8.1%	+2.3%	9%
Dresden & Leipzig	12.3	7.9	11.6	7.4	-5.5%	+2.0%	9%
Hamburg	8.1	5.3	8.7	5.7	7.6%	+3.0%	7%
North Rhine-Westphalia	42.6	27.0	47.2	29.9	10.7%	+4.7%	36%
Essen	15.2	9.4	17.2	10.7	13.3%	+5.0%	13%
Duisburg	7.6	4.8	8.3	5.2	8.4%	+3.7%	6%
Mulheim	5.1	3.2	5.4	3.4	7.1%	+3.2%	4%
Oberhausen	4.8	3.2	5.2	3.5	8.6%	+3.9%	4%
Other	10.0	6.3	11.1	7.1	11.3%	+6.2%	8%
Total	122.5	78.6	129.5	83.2	5.8%	+3.8%	100%
of which Residential	107.7	69.1	113.5	72.8	5.4%	+4.1%	88%
of which Other commercial ²	14.8	9.6	16.0	10.4	8.5%	+2.0%	12%

¹ LfL: Like-for-Like

² Ground-floor retail, car parks, etc

Rental income amounted to €83 million Group share in H1 2021, up 5.8% (+€4.6 million) due to:

- ▶ In Berlin, the like-for-like rental growth recovered due to the cancellation of the Mietendeckel at +3.6% (+€1.4 million) and even +3.9% (+€1.1 million) on the residential side only;
- ▶ Outside Berlin, like-for-like rental growth was strong in all areas (+4.0% on average, +€1.6 million) due to the reletting impact (including modernisation) and the indexation;
- ▶ Acquisitions in 2020 and 2021 (+€1.4 million);
- ▶ Disposals (-€2.1 million) mainly involving a portfolio of mature assets in Berlin and Leipzig in 2020 as well as some privatisations in Berlin.

3. Annualised rental income: €169.5 million Group share

(In € million)	Surface (m ²)	Number of units	Annualised rents 2020 Group share	Annualised rents H1 2021 100%	Annualised rents H1 2021 Group share	Change Group share (%)	Average rent €/m ² /month	% of rental income
Berlin	1,268,102	17,249	73.4	131.0	84.9	15.7%	€8.6 /m ²	50%
of which Residential	1,101,383	16,303	58.6	106.7	69.2	18.0%	€8.1 /m ²	40%
of which Other commercial ¹	166,719	946	14.8	24.3	15.8	6.7%	€12.1 /m ²	9%
Dresden & Leipzig	270,128	4,374	14.4	22.8	14.6	1.9%	€7.0 /m ²	9%
Hamburg	141,847	2,340	11.1	17.0	11.1	-0.1%	€10.0 /m ²	7%
North Rhine-Westphalia	1,125,011	16,881	57.5	92.9	58.8	2.3%	€6.9 /m ²	35%
Essen	399,556	5,840	20.6	33.9	21.1	2.3%	€7.1 /m ²	12%
Duisburg	205,532	3,164	9.9	16.1	10.1	1.3%	€6.5 /m ²	6%
Mulheim	128,742	2,155	6.7	10.6	6.8	1.0%	€6.9 /m ²	4%
Oberhausen	133,313	1,961	6.7	10.3	6.9	3.6%	€6.4 /m ²	4%
Others	257,868	3,761	13.6	22.0	14.0	3.0%	€7.1 /m ²	8%
Total	2,805,087	40,844	156.4	263.6	169.5	8.4%	€7.8 /m²	100%
of which Residential	2,584,272	39,552	136.5	231.2	148.5	8.8%	€7.5 /m ²	88%
of which Other commercial ¹	220,815	1,292	20.0	32.4	21.1	5.5%	€12.2 /m ²	12%

¹ Ground-floor retail, car parks, etc

The portfolio breakdown has been relatively stable for the past few periods, with Berlin generating 50% of the rental income, through residential units and some commercial units (mainly ground-floor retail).

Rental income per m² (€7.8 /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%).

4. Indexation

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

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

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

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

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

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

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

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

- **For current leases:**

The rent can be adjusted through four methods stated below, only one method can be applied, as defined in the contract with the tenant, except for the free agreement, which can be added to the other three:

1. The current rent may be increased within three years by 15% to 20% depending on the region, but without exceeding the *Mietspiegel* or another rent benchmark. There can be multiple increases within the three years up to the 15% or 20% in total, but each increase has to be separated by 15 months.
2. Rent increase in accordance with the *Indexmiete*, which is determined by the German statistical office. Each increase has to be separated by 12 months.
3. Rent increase through a contract agreement with fixed dates for the rent increase. Each increase has to be separated by 12 months.
4. Optional Rent increase through an agreement of both parties, usually in the case of work to modernise the property on the tenant's request. This increase can be made at any time, but is the new start date for the 12 or 15-month time frame. This increase will be included in the cap of 15% or 20% as in 1. However if it is made after a 15% or 20% increase as in 1., the 15% or 20% cap can be exceeded.

- **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).

In addition, in February 2020, the city of Berlin implemented a new law to freeze & cap the rents of most residential units. This regulation (Mietendeckel) has been repealed by the Federal Constitution Court on April 15th, 2021. All rents that have been decreased by this regulation can now be put back to their market level. Covivio put in place a series of measures to help tenants face this change in regulation.

5. Occupancy rate: a high level of 98.9%



(%)	2020	H1 2021
Berlin	98.3%	98.5%
Dresden & Leipzig	99.3%	99.0%
Hamburg	100.0%	99.5%
North Rhine-Westphalia	98.9%	99.1%
Total	98.7%	98.9%

The occupancy rate remains high, at 98.9%. It has remained above 98% since the end of 2015 and reflects the Group's very high portfolio quality and low rental risk.

6. Disposals and disposals agreements: €17 M with a 62% margin on appraisal value

€17
M

(In € million)	Disposals 2020 (agreements as of end-2020 closed)	Agreements as of end- 2020 to close	New disposals H1 2021	New agreements H1 2021	Total H1 2021	Margin vs end-2020 value	Yield	Total Realised Disposals
	1	0	2	3	= 2 + 3			= 1 + 2
Berlin	9	4	13	10	24	51%	1.6%	23
Dresden & Leipzig	1	-	-	-	-	-	-	1
Hamburg	-	-	-	-	-	-	-	-
North Rhine-Westphalia	0	-	3	0	4	201%	0.5%	4
Total 100%	10	4	17	11	27	62%	1.4%	27
Total Group share	7	3	11	7	17	62%	1.5%	17

In the first half of 2021, Covivio sold assets for €27 million mainly through privatisations in Berlin:

- ▶ 69 units almost entirely in Berlin for €24 million (€15 million Group share) at a 51% margin. These privatisations above €4,200/m² reflect the highly unbalanced momentum in Berlin (demand vs supply and new construction).

7. Acquisitions: €98 M realized in H1 2021

€98
M

(In € million, Including Duties)	Surface (m ²)	Number of units	Acquisitions H1 2021 realised		
			Acq. price 100%	Acq. price Group share	Gross yield
Berlin	43,978	592	140	98	3.5%
Dresden & Leipzig	-	-	-	-	-
Hamburg	-	-	-	-	-
North Rhine-Westphalia	-	-	-	-	-
Total	43,978	592	140	98	3.5%

In the first half of 2021, Covivio closed several residential deals for €140 million (€98 million Group share) in Berlin:

- ▶ Acquisition of 592 units for €98 million Group share in the centre of Berlin at an average of €3,194/m². Average reversion potential near to 25%;
- ▶ In addition, more than 2,000 m² of land bank was bought for €2 million Group share, with a development potential of 32 units.

8. Portfolio values: €7.2 billion (€4.7 billion Group share)

8.1. Change in portfolio value: 9.5% growth

(In € million, Group share, Excluding Duties)	Value 2020	Acqu.	Invest.	Disposals	Value creation on Acquis./Disposals	Change in value	Change of scope	Value H1 2021
Berlin	2,387	96	6	-11	2	142	4	2,626
Dresden & Leipzig	371	-0	2	-	-	32	-	405
Hamburg	327	-	2	-	-	24	1	354
North Rhine-Westphalia	1,172	-	10	-1	-	96	1	1,278
Total	4,257	96	19	-12	2	294	7	4,663

In the first half of 2021, the portfolio's value increased by 9.5% to €4.7 billion Group share. The growth was first driven by the like-for-like increase in value (€294 million or 72% of the growth) and second, by the contribution of acquisitions and investments net of disposals (25% of the growth).

8.2. Change on a like-for-like basis: +7.4% growth

(In € million, Excluding Duties)	Value 2020 Group share	Surface 100% in m ²	Value H1 2021 100%	Value H1 2021 in €/m ²	Value H1 2021 Group share	LfL ¹ change	Yield 2020	Yield H1 2021	% of total value
Berlin	2,387	1,268,102	4,050	3,194	2,626	+6.4%	3.1%	3.2%	56%
of which Residential	2,054	1,101,383	3,498	3,176	2,267	+6.8%	2.9%	3.1%	49%
of which Other commercial ²	333	166,719	552	3,312	359	+4.2%	4.4%	4.4%	8%
Dresden & Leipzig	371	270,128	630	2,333	405	+8.4%	3.9%	3.6%	9%
Hamburg	327	141,847	541	3,813	354	+7.8%	3.4%	3.1%	8%
North Rhine-Westphalia	1,172	1,125,011	2,019	1,794	1,278	+9.0%	4.9%	4.6%	27%
Essen	445	399,556	780	1,953	486	+9.0%	4.6%	4.3%	10%
Duisburg	188	205,532	328	1,596	205	+9.1%	5.3%	4.9%	4%
Mulheim	132	128,742	220	1,711	140	+6.5%	5.1%	4.8%	3%
Oberhausen	115	133,313	184	1,378	124	+8.1%	5.8%	5.6%	3%
Other	292	257,868	506	1,964	323	+10.6%	4.7%	4.3%	7%
Total	4,257	2,805,087	7,240	2,581	4,663	+7.4%	3.7%	3.6%	100%
of which Residential	3,805	2,584,272	6,495	2,513	4,180	+7.8%	3.6%	3.6%	90%
of which Other commercial ²	451	220,815	745	3,373	483	+4.4%	4.4%	4.4%	10%

¹ LfL: Like-for-Like

² Ground-floor retail, car parks, etc

Covivio's residential portfolio in Germany is valued at €2,581 /m² on average, offering a significant growth potential, especially in Berlin where the current valuation of residential units stands at €3,176 /m², significantly below the average asking price of condominiums (€5,130 /m² at end June 2021).

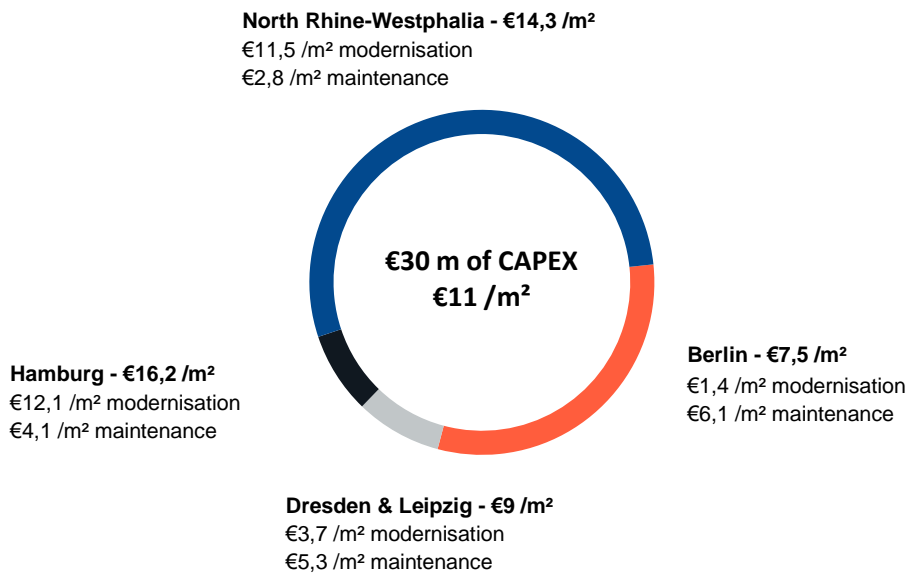
In the first half of 2021, values increased by +7.4% on a like-for-like basis since end-2020 which represents yet another very dynamic period of growth:

- ▶ +6.4% in Berlin due to the increase in values in highly sought-after locations, almost back at the growth levels before the Mietendeckel, which has been repealed in April 2021.
- ▶ Strong increase in NRW (+9.0%), Hamburg (+7.8%) and Dresden and Leipzig (8.4%) thanks to the continued dynamic of rental growth and the increase in value in large German cities.

9. Maintenance and modernisation CAPEX

In the first half of 2021, CAPEX totalled €30 million, (€11 /m²; €19 million in Group share) and OPEX came to €9 million (€3.1 /m² ; €6 million in Group share), 22% below the Capex spent in the first half of 2020 mainly due to the Covid situation.

Modernisation CAPEX, used to improve asset quality and increase rental income, accounts for 58% of the total (vs 50% in the first half of 2020). Due to a restrictive regulation in Berlin most of them were invested in NRW. The quality of the portfolio in NRW enables us to benefit both from rent and value increase in this area.



F. Hotels in Europe

Covivio Hotels, a 43.6%-owned subsidiary of Covivio as of 30 June 2021, is a listed property investment company (SIIC) and leading hotel real-estate player in Europe. It invests both in hotels under lease and hotel operating properties.

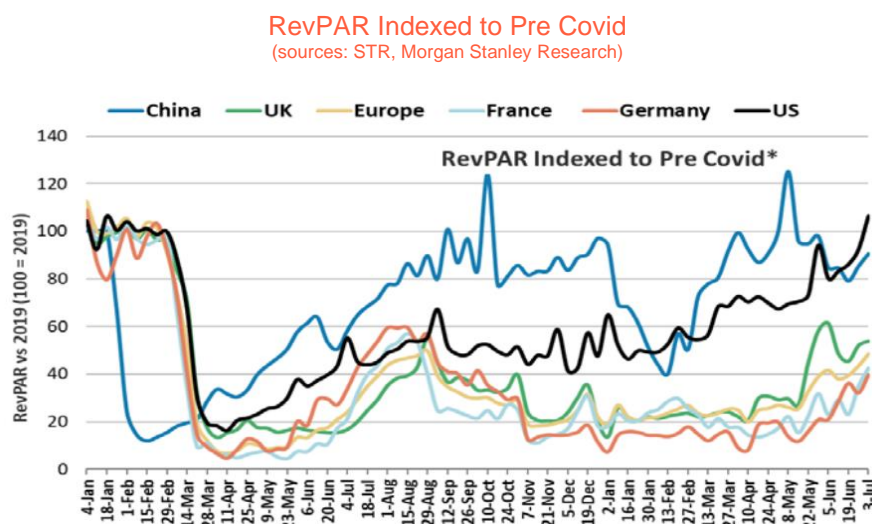
The figures presented are expressed at 100% and in Covivio Group share (GS).

Covivio owns a high-quality hotel portfolio worth €6.5 billion (€2.5 billion in Group share), focused on major European cities and let or operated by 16 major hotel operators such as 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. A difficult first half but optimism for the second semester of 2021

Continuing lockdowns weighed on hotels performances at the beginning of the year, but the acceleration of the vaccination campaign coupled with the gradual lifting of restrictions gives hope for a gradual recovery.

A slight improvement can be observed in May 2021, with an overall occupancy rate at the European level standing at 25.6% compared to 18% in April. The arrival of the summer season should allow the hotel sector to continue its current momentum, although uncertainty remains (mostly with the delta variant).



On the investment side, the volume of transactions recorded in Europe in the first semester of 2021 amounts to €4.7 billion, a decrease of 18% vs H1 2020 (which did not suffer integrally from the crisis), but an increase of 34% vs the second semester of 2020 (€3.5 billion).

This wait-and-see attitude can be explained by lingering uncertainty and by the difficulties in accessing financing for hotel assets. No discount could be observed on the few transactions carried out since the beginning of the year, with prices in line with the 2019 market (NH Calderon in Spain, JJW and Timhotel Berthier in France, Park Plaza London Riverbank and Hoxton art-hotel Shoreditch in the UK, etc)

Over the semester, Covivio Hotels managed to limit the impact of the Covid-19 pandemic, improved its balance sheet and now is prepared for the recovery:

- ▶ Like-for-like values were resilient (-1%) with stability on all the assets except one portfolio (UK, accounting for 13% of the total value), thanks to the quality of the portfolio, 88% of which is located in major regional cities, and to the agreements secured with the hotel operators.
- ▶ Capital increase of €250 million with the full support of the long-term shareholders, reducing the net debt and therefore the LTV, from 41.9% to 38.6%
- ▶ New agreements signed with 4 tenants (NH Hotels, Barcelo, Meininger et Melia Hotels International) to help them overcome the crisis

Assets not wholly owned by Covivio Hotels include:

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

2. Recognised revenues: -20% on a like-for-like basis

(In € million)	Revenues H1 2020 100%	Revenues H1 2020 Group share	Revenues H1 2021 100%	Revenues H1 2021 Group share	Change (%) Group share	Change Group share (%) LfL ¹
Hotel Lease properties - Variable	9.7	4.2	7.4	3.2	-23%	-26%
Hotel Lease properties - Fixed	60.1	22.9	68.2	26.5	16%	0%
Hotel properties - UK	0.0	0.0	0.0	0.0	n.a	n.a
Operating properties - EBITDA	3.3	1.4	-3.8	-1.5	n.a	n.a
Total revenues Hotels	73.1	28.5	71.8	28.2	-1.0%	-20.2%

Hotel revenue were stable at only -€0.3 million Group share compared to the first half of 2020, due to:

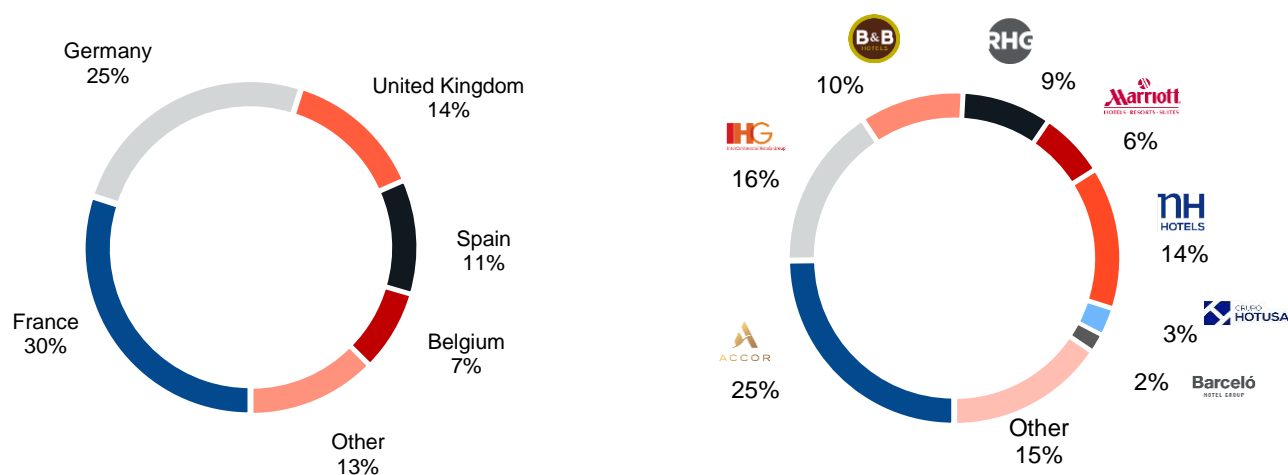
▶ **Leased hotels:**

- The **AccorInvest hotel portfolio** (22% of the hotel portfolio), which is indexed on hotel turnover, decreased by 26% LFL compared to half-2020, due to the continuation of restrictions in Europe in H1 2021 while Q1 2020 was not impacted by the crisis. These midscale and economy hotels are located in France and Belgium.
- **Hotels located in the UK** (13% of the hotel portfolio): we anticipate the MAC Clause to be triggered again this year due to the government restrictions (hotels closed for 3.5 months on average); therefore, no rent is expected.
- **Other leases:** increase of €3.6 million Group share mainly due to the integration of an acquisition in September 2020. No variation on a like-for-like basis.

- ▶ **Operating hotels:** mainly located in Germany and in the north of France. The decrease is due to the continuation of the restrictions in Europe in H1 2021 while Q1 2020 was no impacted by the crisis.

3. Annualised revenue

Breakdown by operators and by country (based on 2021 fixed revenues and 2019 variable revenues) which amount to €135 million in Group share.



4. Indexation

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

5. Lease expiries: 13.9 years of firm residual lease term

(In € million, Group share)	By lease end date (1st break)	% of total	By lease end date	% of total
2021	1.2	1%	0.0	0%
2022	2.5	2%	0.0	0%
2023	4.3	4%	2.2	2%
2024	1.0	1%	0.6	1%
2025	2.0	2%	2.2	2%
2026	0.0	0%	0.0	0%
2027	0.9	1%	0.9	1%
2028	0.0	0%	0.0	0%
2029	13.5	13%	14.5	14%
2030	10.2	10%	10.2	10%
Beyond	68.1	66%	73.1	70%
Total Hotels in lease	103.7	100%	103.7	100%

The firm lease duration remains very high at 13.9 years (-0.3 years vs end-2020), the main operation in the first half of 2021 being the renegotiation on one asset in Spain extending the lease by 8 years.

Despite the crisis, all our hotels are still fully let to operators, therefore the occupancy rate stands at 100%.

6. Disposals and disposal agreements:

(In € million)	Disposals (agreements as of end of 2020 closed)	Agreements as of end of 2020 to close	New disposals H1 2021	New agreements H1 2021	Total H1 2021	Margin vs 2020 value	Yield	Total Realised Disposals
	1		2	3	= 2 + 3			= 1 + 2
Hotel Lease properties	13	19	-	-	-	n.a	n.a	13
Hotel Operating properties	-	-	-	-	-	n.a	n.a	-
Total Hotels - 100%	13	19	-	-	-	n.a	n.a	13
Total Hotels - Group share	5	8	-	-	-	n.a	n.a	5

During the first half of 2021, Covivio finalised the cash sale of one Ibis Budget asset in Aubervilliers (north of Paris) for €13 million, agreed in 2019.

The €19 million agreed in 2020 yet to be closed concern mainly one asset in Spain with a closing expected in 2022.

7. Portfolio values

7.1. Change in portfolio values

(In € million, Excluding Duties, Group share)	Value 2020	Acquis.	Invest.	Disposals	Change in value	Others	Value H1 2021
Hotels - Lease properties	2,021	-	3	-5	-26	20	2,014
Hotels - Operating properties	510	-	2	-	0	0	513
Total Hotels	2,532	-	5	-5	-26	20	2,526

At the end of June 2021, the portfolio amounted to €2.5 billion Group share, down -€6 million compared to year-end 2020, the like-for-like value impact (-€26 million) being partially off-set by the positive impact of the GBP revaluation (+€19 million).

7.2. Change on a like-for-like basis: -1.0%

(In € million, Excluding Duties)	Value 2020 Group share	Value H1 2021 100%	Value H1 2021 Group share	LfL ¹ change	Yield ² 2020	Yield ³ H1 2021	% of total value
France	716	2,233	710	-0.6%	5.0%	5.0%	28%
Paris	304	821	299				12%
Greater Paris (excl. Paris)	132	492	131				5%
Major regional cities	187	570	186				7%
Other cities	93	349	93				4%
Germany	269	642	275	+2.3%	4.9%	4.7%	11%
Frankfurt	31	74	31				1%
Munich	21	48	21				1%
Berlin	30	73	31				1%
Other cities	187	448	193				8%
Belgium	112	283	111	-1.1%	6.2%	6.3%	4%
Brussels	35	100	35				1%
Other cities	77	183	76				3%
Spain	276	620	269	-2.3%	5.5%	5.3%	11%
Madrid	119	275	119				5%
Barcelona	98	212	92				4%
Other cities	59	133	58				2%
UK	340	773	336	-6.5%	5.5%	5.8%	13%
Italy	113	262	114	+0.6%	5.2%	5.1%	5%
Other countries	196	457	198	+1.1%	5.2%	5.2%	8%
Total Hotel lease properties	2,021	5,270	2,014	-1.3%	5.3%	5.3%	80%
France	111	259	113	+0.5%	5.5%	5.4%	4%
Lille	47	109	47				2%
Other cities	63	150	65				3%
Germany	347	841	347	-0.1%	6.8%	6.8%	14%
Berlin	242	588	242				10%
Dresden & Leipzig	82	198	82				3%
Other cities	23	55	23				1%
Other countries	52	123	53	+0.6%	7.3%	7.2%	2%
Total Hotel Operating properties	510	1,222	513	+0.1%	6.4%	6.4%	20%
Total Hotels	2,532	6,492	2,526	-1.0%	5.5%	5.5%	100%
Non-strategic (Retail)	52	80	35	-1.9%	7.9%	7.2%	-

¹ LfL : Like-for-Like

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

³ Yields calculated on the basis of H1 2021 fixed revenues and 2019 variable revenues

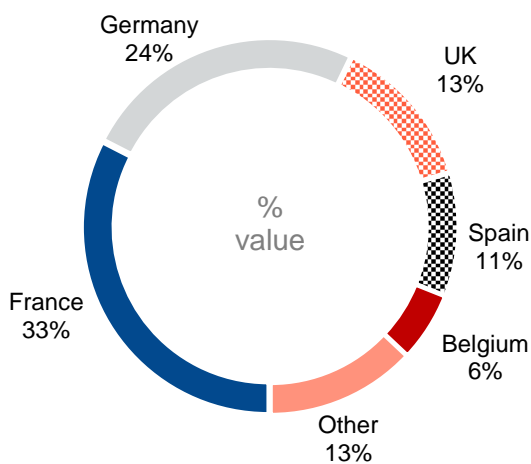
At the end of June 2021, Covivio held a unique hotel portfolio of €2.5 billion (€6.5 billion at 100%) in Europe. This strategic portfolio is characterised by:

- **High-quality locations:** 90% with a Booking.com location grade superior to 8 and 88% in the centre of major European cities.
- **Diversified portfolio:** in terms of countries (12 countries, none representing more than 33% of the total portfolio), and segment (69% economic/midscale and 31% upscale)
- **Major hotel operators** with long-term leases: 16 hotel operators with an average lease duration of 13.9 years

The portfolio value decreased by -1.0% LfL, a mix of:

- 1- **Value adjustments on the UK portfolio (13% of hotels),** -6.5% on these 12 assets leased to IHG, due to the longer lockdown period, MAC clause and their impact on the rent forecasts.
- 2- **Stable values elsewhere:** resilience on 87% of the portfolio thanks to the excellent location of assets and the lease agreements reached with large operators.

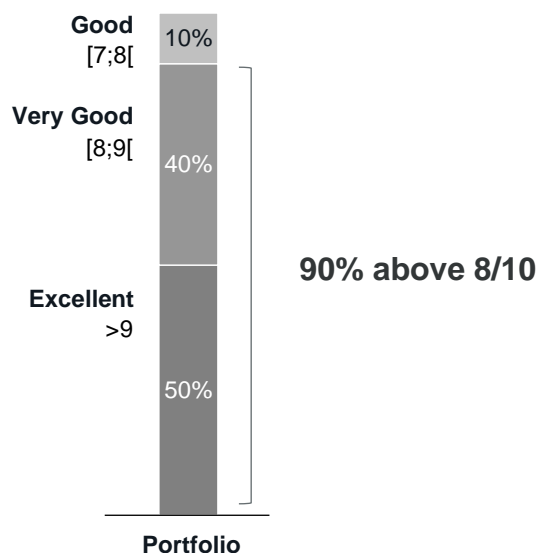
Portfolio breakdown by value and geography



88% in major European destinations



Portfolio split by location grade on Booking.com (8.8/10 on average)



3. FINANCIAL INFORMATION AND COMMENTS

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

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

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

CONSOLIDATED ACCOUNTS

3.1. Scope of consolidation

On 30 June 2021, 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	30 June 2021
Covivio Hotels	43.6%
Covivio Immobilien	61.7%
Covivio Office 6 GmbH	89.9%
Covivio Office GmbH(Godewind)	94.2%
Sicaf (Telecom Italia portfolio)	51.0%
OPCI CB 21 (CB 21 Tower)	75.0%
Fédérmmo (Carré Suffren)	60.0%
Covivio Alexanderplatz (Alexanderplatz)	55.0%
SCI Latécoère (DS Campus)	50.1%
SCI Latécoère 2 (DS Campus extension)	50.1%
SCI 15 rue des Cuirassiers (Silex 1)	50.1%
SCI 9 rue des Cuirassiers (Silex 2)	50.1%
Sas 6 Rue Fructidor (So Pop)	50.1%
SCI 11, Place de l'Europe (Campus Eiffage)	50.1%
SCI N2 Batignolles (Paris N2)	50.0%

3.2. Accounting principles

The consolidated financial statements have been prepared in accordance with the international accounting standards issued by the IASB (International Accounting Standards Board) and adopted by the European Union on the date of preparation. These standards include the IFRS (International Financial Reporting Standards), as well as their interpretations. The financial statements were approved by the Board of Directors on 21 July 2021.

3.3. Simplified income statement - Group share

(In € million, Group share)	H1 2020	H1 2021	var.	%
Net rental income	268.0	262.2	-5.8	-2%
EBITDA from hotel operating activity & flex-office	4.7	2.7	-2.0	-43%
Income from other activities (incl. Property development)	7.2	25.4	+18.2	+253%
Net revenue	279.9	290.4	+10.5	+4%
Net operating costs	-38.9	-38.1	+0.8	-2%
Amortisations of operating assets	-19.8	-27.1	-7.3	+37%
Net change in provisions and other	2.3	4.4	+2.1	+92%
Current operating income	223.5	229.6	+6.1	+3%
Net income from inventory properties	-0.1	-0.3	-0.2	n.a
Income from value adjustments	142.8	296.3	+153.5	n.a
Income from asset disposals	-6.2	6.0	+12.2	n.a
Income from disposal of securities	-0.1	1.8	+1.9	n.a
Income from changes in scope & other	-12.0	-0.8	+11.2	n.a
Operating income	347.9	532.6	+184.7	+53%
Cost of net financial debt	-50.8	-43.0	+7.8	-15%
Interest charges linked to financial lease liability	-3.3	-3.4	-0.1	+2%
Value adjustment on derivatives	-66.8	46.3	+113.1	n.a
Discounting of liabilities-receivables, and Result of change	-0.2	-0.3	-0.1	n.a
Early amortisation of borrowings' cost	-0.3	-1.3	-1.0	n.a
Share in earnings of affiliates	-1.7	9.0	+10.7	n.a
Income before tax	224.8	540.0	+315.2	+140%
Deferred tax	-23.4	-67.7	-44.3	+189%
Corporate income tax	-7.3	-5.3	+2.0	-27%
Net income for the period	194.2	466.9	+272.7	+140%

► **€10.5 million increase in net revenue (+3.7%)**

Net rental income in Group share decreased mainly due to the sales and pandemic situation.

(In € million, Group share)	H1 2020	H1 2021	var.	%
France Offices	96.8	87.5	-9.3	-9.7%
Italy Offices (incl. retail)	55.1	51.3	-3.8	-6.9%
German Residential	74.7	78.7	+4.0	+5.4%
Hotels in Europe (incl. retail)	28.1	29.5	+1.4	+4.8%
German Offices	13.3	15.4	+2.1	n.a.
Other (incl. France Residential)	0.0	-0.2	-0.2	n.a.
Total Net rental income	268.0	262.2	-5.8	-2.2%
EBITDA from hotel operating activity & flex-office	4.7	2.7	-2.0	-42.1%
Income from other activities	7.2	25.4	+18.2	n.a.
Net revenue	279.9	290.4	+10.5	+3.7%

France Offices: decrease mainly due to the sale of assets in 2020 and in the first half year 2021 (-€7 million) and to releases for redevelopment (-€2 million).

Italy Offices: decrease due to the disposals in secondary locations outside Milan and non-strategic retail assets (-€6 million) and to space for redevelopment (-€1 million) offset by the delivery of developed assets (+€3 million).

Germany Offices: +€2 million due to the increase of ownership rate (65% H1 2020 vs 100% H1 2021).

German Residential: increase driven by acquisition, change in rent regulation in Berlin (repeal of Mietendeckel) and continuing rental growth in other areas.

Hotels in Europe: activity still hit by the coronavirus crisis.

- ▶ **EBITDA from the hotel operating activity and flex-office:** €4.2 million of EBITDA on the flex-office activity that increased slightly thanks to the ramp-up of this activity and the opening of new spaces in Milan. The hotel operating activity (-€1.5 million) declined because of the closure of hotels during general lockdowns.
- ▶ **Income from other activities:** net income from other activities comes from the income generated by the property development activity (€24 million) and marginally by car park activity (€1 million).
The car park activity decreased by €2 million mainly due to the lockdown, while the property development activity increased by €20 million due to the increase in the number of projects (including a new development in Italy Offices) and to the increase in the percentage of completion.
- ▶ **Net operating costs:** -€38.1 million including +€9.2 million in property management fees.
Net operating costs decreased by €1 million (-2.2%) due to savings on staff costs and travel expenses.
- ▶ **Amortisation of operating assets:**
Note that this item includes the amortisation linked to the right of use according to IFRS 16. This amortisation of right of use is mainly related to owner-occupied buildings and headquarters. The increase for the year is mainly due to a refurbishment in our own-occupied building (Gobelins).
- ▶ **Net change in provision and other:**
Before the application of IFRS 16, ground lease expenses and ground lease recharge were reported within net rental income. Because of the application of IFRS16 “Leases”, there is no longer a ground lease expense (this expense is replaced by an interest charge), therefore the ground lease recharge is reported under “Net change in provision and other” so as to not artificially increase Net rental income. During 2020 there was no ground lease recharge in UK companies; however, the amount is €1.4 million in H1-2021.
- ▶ **Net income from inventory properties:**
This item refers to the trading activity, mainly in Italy.
- ▶ **Change in the fair value of assets:**
The income statement recognises changes in the fair value (+€296 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.
- ▶ **Income from asset disposals & disposal of securities:**
Income from asset disposals contributed +€6 million during the year. This gain is mainly in France Office activity (+€3.4 million).
- ▶ **Income from changes in scope and other:**
This item negatively impacted the income statement by around -€1 million. It includes costs linked to the acquisition of a Germany Offices listed company (squeeze-out costs).
- ▶ **Cost of net financial debt:**
The cost of net financial debt decreased thanks to continuous debt restructuring efforts. This line item was impacted last year by an early reimbursement of €4.8 million, while this year these costs are equal to €1 million.
- ▶ **Interest charges linked to finance lease liability:**
The Group rents some land. According to IFRS 16, such rental costs are stated as interest charges. The interest charges refer to the hotel activity for an amount equal to -€2.7 million.
- ▶ **Value adjustment on derivatives:**
The fair value of financial instruments (hedging instruments and ORNANE) is positively impacted by increasing interest rates. For the year, the P&L impact is a revenue of +€46 million, while for H1-2020 it was -€67 million.

Share of income of equity affiliates

Group share	% interest	Contribution to earnings (€million)	Value H1 2021	Change in equity value (%)
OPCI Covivio Hotels	8.6%	0.9	36.9	1.8%
Lénovilla (New Vélizy)	50.1%	2.5	60.6	-2.9%
Euromed	50.0%	1.1	55.8	-0.7%
Cœur d'Orly	50.0%	0.9	27.0	4.7%
Bordeaux Armagnac (Orianz / Factor E)	34.7%	1.0	16.6	5.7%
Phoenix (Hotels)	14.4%	0.6	45.2	0.2%
Total		6.9	242.2	-5.2%

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

- OPCI Covivio Hotels: two hotel portfolios, Campanile (32 hotels) and AccorHotels (39 hotels) 80%-owned by Crédit Agricole Assurances.
- Lénovilla: the New Vélizy campus (47,000 m²), let to Thalès and co-owned with Crédit Agricole Assurances.
- Euromed in Marseille: one office building (Calypso) and a hotel (Golden Tulip) in partnership with Crédit Agricole Assurances. One office building (Astrolabe) has been sold in the first half of 2021.
- Coeur d'Orly in Greater Paris: two buildings in the Orly airport business district in partnership with ADP.
- Bordeaux Armagnac: development project, delivered in 2019 in partnership with Icade, of three buildings near the new high-speed train station.
- Phoenix hotel portfolio: 32% stake held by Covivio Hotels in a portfolio of 32 Accor Invest hotels in France & Belgium.

► **Taxes**

The corporate income tax corresponds to the tax on:

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

The corporate income tax amounted to -€5.3 million, including taxes on sales (-€1.3 million).

EPRA Earnings increased by +7.5% to €206.9 million (+€14.5 million vs H1-2020)

	Net income Group share	Restatements	EPRA E. H1 2021	EPRA E. H1 2020
Net rental income	262.2	3.1	265.3	270.7
EBITDA from the hotel operating activity & flex-office	2.7	0.6	3.3	5.4
Income from other activities (incl. Property development)	25.4	0.2	25.7	7.5
Net revenue	290.4	3.9	294.3	283.6
Net operating costs	-38.1	-	-38.1	-38.9
<i>Management & administration income</i>	9.1	-	9.1	12.3
<i>Operating costs</i>	-47.2	-	-47.2	-51.2
Amortisations of operating assets	-27.1	16.8	-10.3	-11.4
Net change in provisions and other	4.4	-1.4	3.0	0.9
Operating income	229.6	19.3	248.9	234.2
Net income from inventory properties	-0.3	0.3	-	-
Income from asset disposals	296.3	-296.3	-	-
Income from value adjustments	6.0	-6.0	-	-
Income from disposal of securities	1.8	-1.8	-	-
Income from changes in scope & other	-0.8	0.8	-	-
Operating result	532.6	-283.7	248.9	234.2
Cost of net financial debt	-43.0	0.9	-42.0	-46.0
Interest charges linked to finance lease liability	-3.4	2.0	-1.3	-1.3
Value adjustment on derivatives	46.3	-46.3	-	-
Discounting of liabilities-receivables and Foreign Exchange Result	-0.3	-	-0.3	-0.2
Early amortisation of borrowings' costs	-1.3	1.0	-0.3	-
Share in earnings of affiliates	9.0	-2.9	6.1	7.1
Pre-tax net income	539.9	-329.0	210.9	193.8
Deferred tax	-67.7	67.7	-	-
Corporate income tax	-5.3	1.3	-4.0	-1.4
Net income for the period	466.9	-260.0	206.9	192.4
<i>Average number of shares</i>			<i>94,318,440</i>	<i>88,541,092</i>
Net income per share	5.31		2.19	2.17

- ▶ The restatement on the net rental income is linked to the IFRIC21 rule (property tax fully accounted in H1) which is spread around the year in EPRA.
- ▶ The restatement of the amortisation of operating assets (+€16.8 million) offsets the real estate amortisation of the flex-office and hotel operating activities.
- ▶ The restatement of the net change in provisions (-€1.4 million) consists of the ground lease expenses linked to the UK leasehold.
- ▶ There was a €0.9 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 million was cancelled and replaced by the lease expenses paid (see the amount of -€1.4 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 (+€1.3 million) is linked to the tax on disposals.

EPRA Earnings by activity

(In € million, Group share)	France Offices	Italy Offices ¹	Germany Residential	Germany Offices	Hotels in lease ¹	Hotel operating properties	Corporate or non-attributable sector	H1 2021
Net rental income	90.3	51.3	78.7	15.4	29.7	0.0	-0.2	265.3
EBITDA from Hotel operating activity & flex-office	3.3	0.9	0.0	0.0	0.0	-0.9	0.0	3.3
Income from other activities (incl. Property development)	13.6	5.4	4.4	1.2	0.0	0.0	1.1	25.6
Net revenue	107.2	57.6	83.2	16.6	29.7	-0.9	0.9	294.3
Net operating costs	-13.4	-5.3	-13.1	-2.1	-1.6	-0.6	-2.0	-38.0
Amortisation of operating assets	-3.4	-0.7	-1.1	-0.5	0.0	-1.1	-3.5	-10.3
Net change in provisions and other	4.6	-0.6	-0.6	-0.4	-0.4	0.4	-0.1	3.0
Operating result	95.0	51.0	68.5	13.7	27.7	-2.3	-4.7	248.9
Cost of net financial debt	-9.1	-5.8	-12.0	-2.8	-10.1	-2.4	0.1	-42.0
Other financial charges	0.0	-0.3	0.0	-0.2	-0.9	-0.3	-0.2	-1.9
<i>finance lease interest</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>-0.6</i>	<i>-0.3</i>	<i>-0.2</i>	<i>-1.1</i>
<i>Discounted receivable/payable</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>-0.3</i>	<i>0.0</i>	<i>0.0</i>	<i>-0.3</i>
<i>Irregular financial amortisation</i>	<i>0.0</i>	<i>-0.3</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>-0.3</i>
Share in earnings of affiliates	5.4	0.0	0.0	0.0	0.6	0.0	0.0	6.0
Corporate income tax	-0.2	-0.6	-2.1	0.0	-1.0	-0.1	0.0	-4.0
EPRA Earnings	91.0	44.3	54.5	10.7	16.3	-5.0	-4.8	206.9

1: Including non-strategic retail in the subsidiary scope

EPRA Earnings of affiliates

EPRA Earnings of affiliates consolidated under the equity method

(In € million, Group share)	France Offices	Hotels (in lease)	H1 2021
Net rental income	6.8	1.3	8.1
Net operating costs	-0.5	-0.2	-0.7
amortisation of operating properties	-	-	-
Cost of net financial debt	-0.9	-0.5	-1.4
Corporate income tax	-	-	-
Share in EPRA Earnings of affiliates	5.4	0.6	6.0

3.4. Simplified consolidated income statement (at 100%)

(In € million, 100%)	H1 2020	H1 2021	var.	%
Net rental income	392.9	383.8	-9.1	-2.3%
EBITDA from hotel operating activity & flex-office	6.6	0.4	-6.2	-93.9%
Income from other activities (incl. Property development)	4.2	15.2	+11.0	+261.9%
Net revenue	403.7	399.4	-4.3	-1.1%
Net operating costs	-55.8	-54.2	+1.6	-2.9%
Amortisation of operating assets	-31.9	-38.6	-6.7	+21.0%
Net change in provisions and other	6.5	9.2	+2.7	+41.5%
Current operating income	322.6	315.8	-6.8	-2.1%
Net income from inventory properties	0.1	0.1	-	n.a
Income from asset disposals	-6.1	8.6	+14.7	n.a
Income from value adjustments	164.8	421.5	+256.7	n.a
Income from disposal of securities	-0.1	2.8	+2.9	n.a
Income from changes in scope	-14.2	-0.9	+13.3	n.a
Operating income	467.0	747.9	+280.9	+60.1%
Cost of net financial debt	-86.7	-76.1	+10.6	-12.2%
Interest charge related to finance lease liability	-7.1	-7.2	-0.1	+1.4%
Value adjustment on derivatives	-98.6	76.7	+175.3	n.a
Discounting of liabilities and receivables	0.0	-0.8	-0.8	n.a
Early amortisation of borrowings' costs	-0.5	-2.1	-1.6	n.a
Share in earnings of affiliates	-5.6	11.1	+16.7	n.a
Income before tax	268.6	749.5	+480.9	+179.0%
Deferred tax	-27.3	-110.6	-83.3	n.a
Corporate income tax	-15.9	-8.8	+7.1	-44.7%
Net income for the period	225.4	630.1	+404.7	+179.5%
Non-controlling interests	-31.1	-163.2	-132.1	n.a
Net income for the period - Group share	194.2	466.9	+272.7	+140.4%

The +€466.9 million (+€273 million) increase in net income for the period is related to the increase in value of the properties of +€165 million last year vs +€422 million this year (gain €257 million), and the positive impact of derivatives' value of -€98.6 million last year vs +€77 million this year (gain €175 million).

Net revenue decreased by c.€4 million, mainly due to the sales of assets in the France Offices activity.

(In € million, 100%)	H1 2020	H1 2021	var.	%
France Offices	111.6	100.9	-10.7	-9.6%
Italy Offices (incl. Retail)	73.4	68.7	-4.7	-6.4%
German Residential	116.6	122.8	+6.2	+5.3%
German Offices	19.1	16.5	-2.6	n.a.
Hotels in Europe (incl. Retail)	72.2	75.0	+2.8	+3.9%
Other (mainly France Residential)	0.0	-0.1	-0.1	n.a.
Total Net rental income	392.9	383.8	-9.1	-2.3%
EBITDA from the hotel operating activity & flex-office	6.6	0.4	-6.2	-93.9%
Income from other activities	4.3	15.2	+10.9	+253.5%
Net revenue	403.7	399.4	-4.3	-1.1%

3.5. Simplified consolidated balance sheet (Group share)

(In € million, Group share)					
	2020	H1 2021	Liabilities	2020	H1 2021
Assets					
Investment properties	14,127	14,620			
Investment properties under development	1,411	1,224			
Other fixed assets	903	885			
Equity affiliates	255	242			
Financial assets	408	449			
Deferred tax assets	83	79			
Financial instruments	77	55	Shareholders' equity	8,582	8,715
Assets held for sale	296	182	Borrowings	8,995	9,018
Cash	1,134	968	Financial instruments	312	233
Inventory (Trading & Construction activities)	190	160	Deferred tax liabilities	684	749
Other	395	666	Other liabilities	705	815
Total	19,279	19,531	Total	19,279	19,531

► **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)	2020	H1 2021	var.
France Offices	5,523	5,393	-130
Italy Offices (incl. Retail)	2,749	2,737	-12
German Offices	1,393	1,347	-46
German Residential	4,440	4,839	+399
Hotels in Europe (incl. Retail)	2,587	2,568	-19
Car parks (and other)	45	27	-18
Total Fixed Assets	16,737	16,911	174

The decrease in **France Offices** (-€130 million) was mainly due to the disposals and scrapping (-€299 million) and the depreciation tied to own-occupied buildings (-€5 million), partly offset by +€144 million of CAPEX and the change in fair value (+€43 million).

In Italy Offices, the change (-€12 million) was mainly due to disposals for the year (-€50 million), the slight decrease in fair value (-€2 million) due to the negative performance on assets outside Milan and non-strategic retail assets, offset by the CAPEX & acquisition of the year (+€41 million).

The increase in **German Residential** (+€399 million) was mainly due to the growth in fair value (+€295 million), CAPEX and acquisitions (+€121 million), offset by disposals for the year (-€11 million) and transfer from investment properties to inventories (development activity)

The decrease in the **Hotels in Europe portfolio** (-€19 million) was mainly driven by the disposals (-€22 million) and the change in fair value (-€29 million), offset by foreign currency exchange gains mainly in the UK portfolio (+€27 million) and the CAPEX (+€6 million).

▶ **Assets held for sale (included in the total fixed assets above), €182 million at the end of June 2021**

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

- 24% of offices in France.
- 63% of offices in Italy.
- 7.5% of hotels in Europe.
- 5% of residential in Germany.

▶ **Total Group shareholders' equity**

Shareholders' equity increased from €8,582 million at the end of 2020 to €8,715 million at 30 June 2021, i.e., an increase of €133 million, mainly due to:

- Income for the period: +€467 million.
- The dividend distribution: -€339.6 million.
- Change in Other Comprehensive Income +€6 million.

▶ **Deferred tax liabilities**

Net deferred taxes represent €670 million in liabilities versus €601 million on 31 December 2020. This €69 million increase is mainly due to the growth of appraisal values in Germany (+€53 million).

3.6. Simplified consolidated balance sheet (at 100%)

(In € million, 100%)					
Assets	2020	H1 2021	Liabilities	2020	H1 2021
Investment properties	20,912	21,525			
Investment properties under development	1,713	1,645			
Other fixed assets	1,602	1,573			
Equity affiliates	361	349			
Financial assets	282	270	Shareholders' equity	8,582	8,715
Deferred tax assets	104	90	Non-controlling interests	3,986	4,279
Financial instruments	99	71	Shareholders' equity	12,568	12,994
Assets held for sale	335	264	Borrowings	12,296	12,264
Cash	1,246	1,118	Financial instruments	429	316
Inventory (Trading & Construction activity)	249	226	Deferred tax liabilities	1,077	1,177
Other	475	783	Other liabilities	1,009	1,164
Total	27,380	27,915	Total	27,380	27,915

4. FINANCIAL RESOURCES

Summary of the financial activity

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

At end-June 2021, Covivio's Loan-to-Value (LTV) ratio is stable at 41% (LTV policy < 40%) despite the dividend payment fully in cash in H1 2021. Average cost of debt continues to decrease, at 1.19%, and maturity of debt is stable at 5.6 years.

The liquidity position is also strong, with €2.3 billion available at end-June 2021 on Covivio SA, including €1.3 billion of undrawn credit lines and €1.0 billion of cash.

4.1. Main debt characteristics

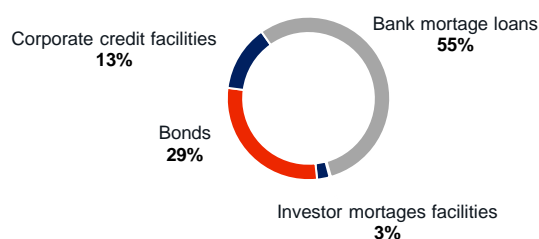
Group share	2020	H1 2021
Net debt, Group share (€ million)	7,861	8,050
Average annual rate of debt	1.29%	1.19%
Average maturity of debt (in years)	5.7	5.6
Debt active hedging spot rate	81%	75%
Average maturity of hedging	6.5	6.9
LTV including duties	40.9%	41.2%
ICR	6.1	7.1

4.2. Debt by type

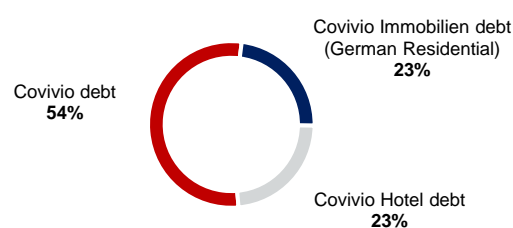
Covivio's net debt stands at €8.1 billion in Group share at end-June 2021 (€11.0 billion on a consolidated basis), €0.2 billion higher compared to end-2020.

As regards the commitments attributable to the Group, the share of corporate debts (bonds and loans) remains at 52% at end-June 2021. Additionally, Covivio had €1.5 billion in commercial paper outstanding at 30 June 2021.

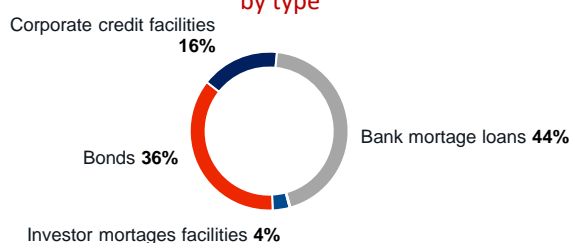
Consolidated commitments
by type



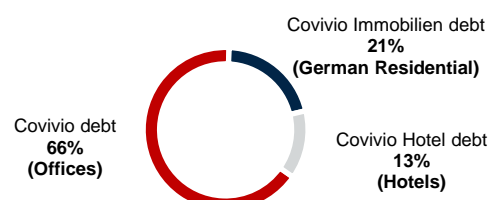
Consolidated commitments
by company



Group share commitments
by type



Group share commitments
by company

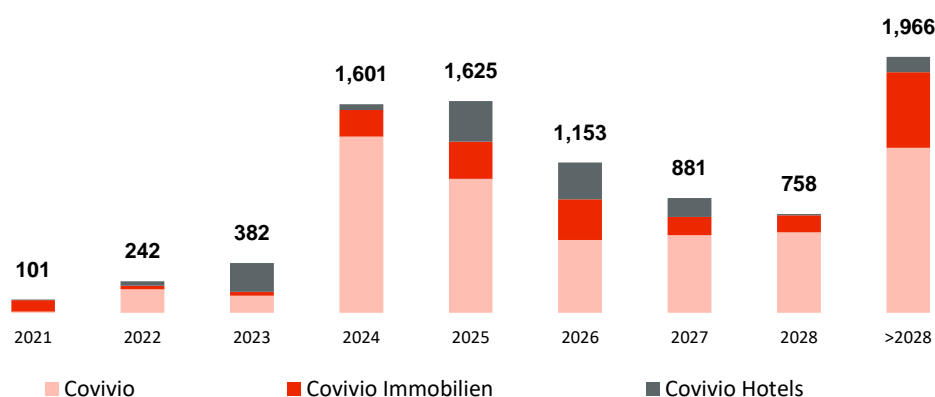


4.3. Debt maturity

The average maturity of Covivio's debt stands at 5.6 years at end-June 2021 (excluding commercial paper). Until 2024, there is no major maturity that has not already been covered or is already under renegotiation.

The next large maturities occur in 2024 and are mainly composed of a bond of €300 million (issue in 2017 with a coupon rate of 1.625%) and a mortgage debt of €285 million Group share linked to the Telecom Italia portfolio.

Debt amortization schedule by company € million (Group share)



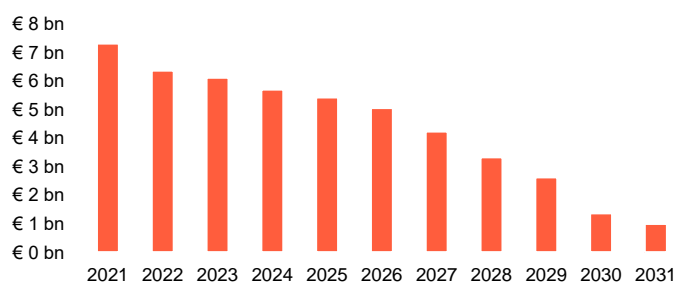
¹ Excluding commercial papers

4.4. Hedging profile

At end-June 2021, 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.

Based on net debt at 30 June 2021, Covivio is hedged at 75% with an average term of the hedges of 6.9 years Group share.

Hedging maturities € billion, Group share



4.5. Average interest rate on debt and sensitivity

The average interest rate on Covivio's debt decreased again significantly by 10 bps to 1.19% in Group share. For information purposes, an increase of 25 basis points in the three-month Euribor rate would have a negative impact of 0.9% on the EPRA Earnings.

Financial structure

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

- ▶ The most restrictive consolidated LTV covenants amounted, at 31 December 2020, to 60% for Covivio and Covivio Hotels.
- ▶ The most restrictive ICR consolidated covenants applicable to the REITs, at 31 December 2020, are of 200% for Covivio and Covivio Hotels.

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

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

Ratio	Covenant	H1 2021
LTV	60.0%	44.1% ¹
ICR	200%	705%
Secured debt ratio	25.0%	4.8%

¹ Excluding duties and sales agreements

All covenants were fully complied with at H1 2021. No loan has an accelerated payment clause contingent on Covivio's rating, which is currently BBB+, Stable outlook (S&P rating).

Detail of Loan-to-Value calculation (LTV)

(In € million Group share)	2020	H1 2021
Net book debt	7,861	8,050
Receivables linked to associates (fully consolidated)	-173	-218
Receivables on disposals	-119	-217
Preliminary sale agreements	-325	-219
Purchase debt	82	92
Net debt	7,327	7,488
Appraised value of real estate assets (Including Duties)	17,838	18,020
Preliminary sale agreements	-325	-219
Financial assets	15	25
Receivables linked to associates (equity method)	110	110
Share of equity affiliates	255	242
Value of assets	17,892	18,178
LTV Excluding Duties	43.1%	43.4%
LTV Including Duties	40.9%	41.2%

4.6. Reconciliation with consolidated accounts

Net debt

(In € million)	Consolidated accounts	Minority interests	Group share
Bank debt	12,264	-3,246	9,018
Cash and cash equivalents	1,118	-150	968
Net debt	11,147	-3,097	8,050

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	23,170	1,198	1,678	-237	-8,719	17,090
Assets held for sale	264				-82	182
Total portfolio	23,434	1,198	1,678	-237	-8,801	17,272
					Duties	910
					Portfolio group share including duties	18,182
					(-) share of companies consolidated under the equity method	-389
					(+) Fair value of trading activities	160
					(+) Right of use of operating properties	43
					(+) Advances and deposits on fixed assets	24
					Portfolio for LTV calculation	18,020

Interest Coverage Ratio

	Consolidated accounts	Minority interests	Group share
EBITDA (net rents (-) operating expenses (+) results of other activities)	358.7	-95.4	263.2
Cost of debt	67.3	-29.9	37.4
ICR			7.05

5. EPRA REPORTING

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

5.1. Change in net rental income (Group share)

€ million	H1 2020	Acquis.	Disposals	Developments (deliveries & vacating for redevelopment)	Indexation, asset management & occupancy	Rent provisions & other effects	H1 2021
France Offices	97	0	-7	1	-3	-1	87
Italy Offices (incl. retail)	55	0	-8	2	-1	3	51
German Offices	13	6	0	0	-1	-2	15
German Residential	75	1	-2	0	4	0	79
Hotels in Europe (incl. Retail & excl. EBITDA from operating properties)	28	4	-1	0	-3	1	29
Other (France Residential)	0		0				0
Total	268	11	-18	3	-4	2	262

Reconciliation with financial data

€ million	H1 2021
Total from the table of changes in Net rental Income (GS)	262
Adjustments	-
Total net rental income (Financial data § 3.3)	262
Minority interests	122
Total net rental income (Financial data § 3.4)	384

5.2. Investment assets – Information on leases

Annualised 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.

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

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

(€ million, Group share)	Gross rental income (€m)	Net rental income (€m)	Annualised rents (€ m)	Surface (m ²)	Average rent (€/m ²)	Vacancy rate (%)	EPRA vacancy rate (%)
France Offices	97	87	222	1,502,850	181	7.9%	7.4%
Italy Offices (incl. retail)	60	51	130	1,332,618	126	3.1%	2.9%
German Offices	19	15	46	390,963	134	21.7%	20.4%
German Residential	87	79	170	2,805,087	94	1.1%	1.1%
Hotels in Europe (incl. Retail & excl. EBITDA from operating properties)	31	29	106	n.c	n.c	-	-
Total ¹	293	262	674	6,031,518	171	5.4%	5.2%

1. Including French residential and others

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

5.3. Investment assets - Asset values

(€ million, Group share)	Market value	Change in fair value over the year	Duties	EPRA NIY
France Offices	5,770	43	285	3.4%
Italy Offices (incl. Retail)	2,734	-2	92	3.7%
German Residential (Covivio Immobilien)	4,663	295	335	3.1%
German Offices	1,503	-11	79	2.2%
Hotels in Europe (incl. Retail)	2,561	-29	117	4.9%
Other (France Resi. and car parks)	41	-	-	n.a
Total H1 2021	17,272	296	910	3.5%

The EPRA net initial yield is the ratio of:

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

Reconciliation with financial data

€ million	H1 2021
Total portfolio value (Group share, market value)	17,272
Fair value of the operating properties	-920
Fair value of companies under equity method	-389
Right of use on investment assets	109
Fair value of car parks facilities	-46
Investment assets Group share ¹ (Financial data§ 3.5)	16,026
Minority interests	7,408
Investment assets 100% ¹ (Financial data§ 3.5)	23,434

¹ Fixed assets + Developments assets + asset held for sale

Reconciliation with IFRS

€ million	H1 2021
Change in fair value over the year (Group share)	296
Others	-
Income from fair value adjustments Group share (Financial data § 3.3)	296
Minority interests	125
Income from fair value adjustments 100% (Financial data § 3.3)	422

5.4 Information on leases

	Firm residual lease term (years)	Residual lease term (years)	Lease expiration by date of 1st exit option				Total (€m)	Section
			Annualised rental income of leases expiring					
			N+1	N+2	N+3 to 5	Beyond		
France Offices	4,8	5,7	8%	18%	33%	41%	222	2.B.6
Italy Offices (incl. retail)	7,2	7,8	6%	10%	15%	70%	130	2.C.6
Germany Offices	4,8	5,5	8%	15%	44%	33%	46	2.D.6
Hotels in Europe (incl. retail)	13,8	15,2	1%	2%	7%	89%	106	2.F.5
Others (German Residential, Hotels Ebitda, others)	n.a	n.a	n.a	n.a	n.a	n.a	201	
Total¹	7,3	8,2	4%	9%	17%	70%	705	

1. Percentage of lease expiries on total revenues

5.5 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:

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

- ▶ EPRA net initial yield is the ratio of:

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

(€ million, Group share) Excluding French Residential and car parks	Total 2020	France Offices	Italy Offices (incl. Retail)	Germany Offices	German Residential	Hotels in Europe (incl. Retail)	Total H1 2021 ^(a)
Investment, disposable and operating properties	17,105	5,770	2,717	1,503	4,663	2,561	17,255
Restatement of assets under development	-1,347	-786	-298	-100			-1,184
Restatement of undeveloped land and other assets under development	-206	-64	0	-11		-44	-119
Duties	884	285	92	79	335	117	910
Value of assets including duties (1)	16,436	5,205	2,512	1,471	4,998	2,634	16,861
Gross annualised IFRS revenues	661	196	107	39	170	137	649
Irrecoverable property charge	-72	-19	-15	-7	-16	-7	-63
Annualised net revenues (2)	589	178	92	32	154	130	586
Rent charges upon expiration of rent free periods or other reductions in rental rates	45	26	24	6	-	1	56
Annualised topped-up net revenues (3)	634	204	115	39	154	131	642
EPRA Net Initial Yield (2)/(1)	3.6%	3.4%	3.7%	2.2%	3.1%	4.9%	3.5%
EPRA "Topped-up" Net Initial Yield (3)/(1)	3.9%	3.9%	4.6%	2.6%	3.1%	5.0%	3.8%
Transition from EPRA topped-up NIY to Covivio yield							
Impact of adjustments of EPRA rents	0.5%	0.4%	0.6%	0.5%	0.3%	0.3%	0.4%
Impact of restatement of duties	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Covivio reported yield rate	4.5%	4.5%	5.4%	3.3%	3.6%	5.5%	4.4%

^(a) Including French Residential

5.6. EPRA cost ratio

(€million, Group share)	H1 2020	H1 2021
Cost of other activities and fair value	-13.5	-16.3
Expenses on properties	-9.7	-10.6
Net losses on unrecoverable receivables	-7.0	-0.6
Other expenses	-1.7	-2.2
Overheads	-49.1	-45.0
Amortisation, impairment and net provisions	1.0	3.6
Income covering overheads	12.4	8.7
Cost of other activities and fair value	-3.4	-1.7
Property expenses	0.2	0.5
EPRA costs (including vacancy costs) (A)	-70.8	-63.6
Vacancy cost	5.6	8.2
EPRA costs (excluding vacancy costs) (B)	-65.3	-55.4
Gross rental income less property expenses	300.7	292.3
EBITDA from hotel operating properties & co-working, income from other activities and fair value	21.9	37.1
Gross rental income (C)	322.6	329.4
EPRA costs ratio (including vacancy costs) (A/C)	22.0%	19.3%
EPRA costs ratio (excluding vacancy costs) (B/C)	20.2%	16.8%

The EPRA cost ratio is decreasing due to the decrease of unpaid rents.
The calculation of the EPRA cost ratio excludes car parks activities.

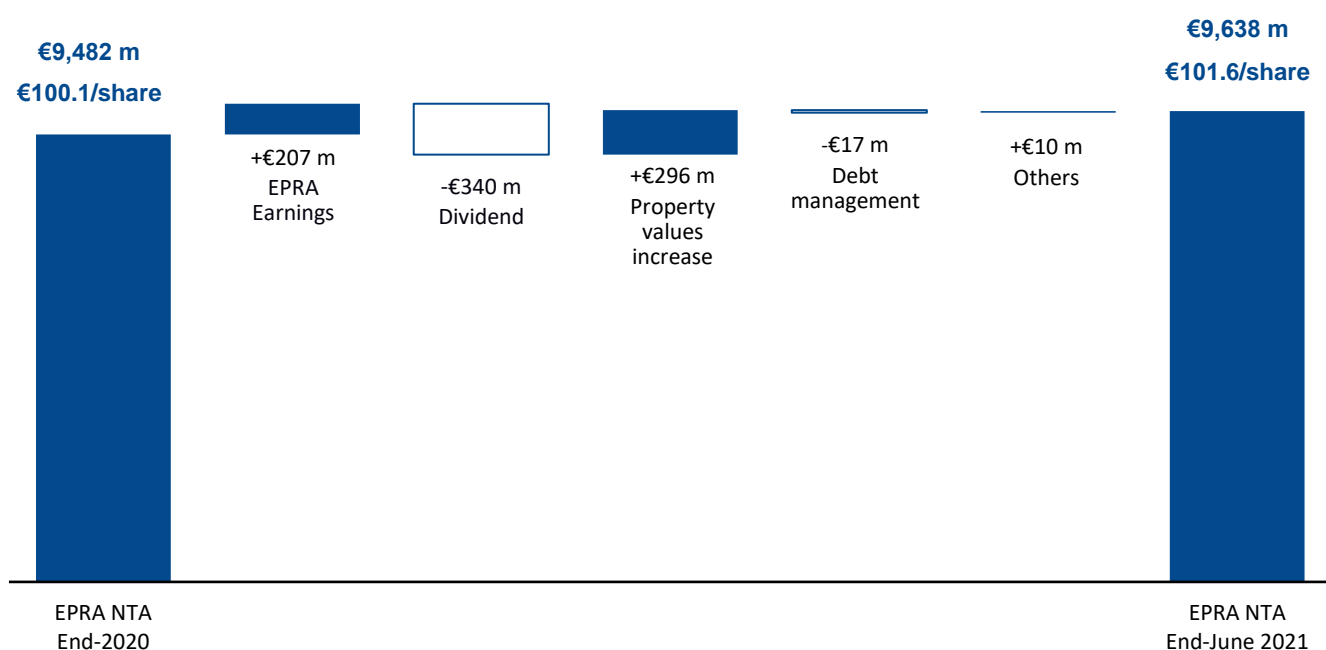
5.7. EPRA Earnings: €207 m in H1 2021

(€million)	H1 2020	H1 2021
Net income Group share (Financial data §3.3)	194.2	466.9
Change in asset values	-142.8	-296.3
Income from disposals	6.4	-7.6
Acquisition costs for shares of consolidated companies	12.0	0.8
Changes in the value of financial instruments	66.8	-46.3
Interest charges related to finance lease liabilities (leasehold > 100 years)	2.0	2.0
Rental costs (leasehold > 100 years)	-1.4	-1.4
Deferred tax liabilities	23.4	67.7
Taxes on disposals	5.9	1.3
Adjustment to amortisation	8.4	16.8
Adjustments from early repayments of financial instruments	5.1	1.9
Adjustment IFRIC 21	3.7	3.9
EPRA Earnings adjustments for associates	8.9	-2.9
EPRA Earnings	192.4	206.9
EPRA Earnings in €/share	2.17	2.19

5.8. EPRA NRV, EPRA NTA and EPRA NDV

	2020	H1 2021	Var.	Var. (%)
EPRA NRV (€ m)	10,452	10,637	185	+1.8%
EPRA NRV / share (€)	110.3	112.2	1.9	+1.7%
EPRA NTA (€ m)	9,482	9,638	155	+1.6%
EPRA NTA / share (€)	100.1	101.6	1.5	+1.6%
EPRA NDV (€ m)	8,464	8,696	232	+2.7%
EPRA NDV / share (€)	89.3	91.7	2.4	+2.7%
Number of shares	94,773,299	94,824,854	51,555	+0.1%

Evolution of EPRA NTA



	€ m	€/share
Shareholders' equity	8,715	91.9
Fair value assessment of operating properties	142	
Duties	910	
Financial instruments and ORNANE	180	
Deferred tax liabilities	690	
EPRA NRV	10,637	112.2
Restatement of value Excluding Duties on some assets	-865	
Goodwill and intangible assets	-81	
Deferred tax liabilities	-53	
EPRA NTA	9,638	101.6
Optimization of duties	-45	
Intangible assets	24	
Fixed-rate debts	-104	
Financial instruments and ORNANE	-180	
Deferred tax liabilities	-637	
EPRA NDV	8,696	91.7

Reconciliation between shareholder's equity and EPRA NAV

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

The real estate portfolio held directly by the Group was valued on 30th June 2021 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 and ORNANES.

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

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 €98.7 million value adjustment was recognised in EPRA NRV.

Fair value adjustment for the car parks

Car parks are valued at historical cost in the consolidated financial statements. NAV is restated to consider the appraisal value of these assets net of tax. The impact on EPRA NRV was €14.0 million on 30 June 2021.

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 €29.5 million. The market value of these assets is determined by independent experts.

Fair value adjustment for fixed- rate debts

The Group has taken out fixed-rate loans (secured bond and private placement). In accordance with EPRA principles, EPRA NDV was adjusted for the fair value of fixed-rate debt. The impact was -€103.6 million at 30 June 2021.

Recalculation of the base cost excluding duties of certain assets

When a company, rather than the asset that it holds, can be sold, transfer duties are re-calculated based on the company's net asset value (NAV). The difference between these re-calculated duties and the transfer duties already deducted from the value had an impact of €45.0 million at 30 June 2021.

Deferred tax liabilities

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

For this purpose, the Group uses the following method:

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

5.9. EPRA performance indicator reference table

EPRA information	Section	in %	Amount in €	Amount in €/share
EPRA Earnings	5.7	-	€207 m	€2.2 /share
EPRA NRV	5.8	-	€10,637 m	€112.2 /share
EPRA NTA	5.8	-	€9,638 m	€101.6 /share
EPRA NDV	5.8	-	€8,696 m	€91.7 /share
EPRA net initial yield	5.5	3.5%	-	-
EPRA topped-up net initial yield	5.5	3.8%	-	-
EPRA vacancy rate at half-year	5.2	5.2%	-	-
EPRA costs ratio (including vacancy costs)	5.6	19.3%	-	-
EPRA costs ratio (excluding vacancy costs)	5.6	16.8%	-	-
EPRA indicators of main subsidiaries	5.2 & 5.6	-	-	-

6. FINANCIAL INDICATORS OF THE MAIN ACTIVITIES

	Covivio Hotels			Covivio Immobilien		
	2020	H1 2021	Change. (%)	2020	H1 2021	Change. (%)
EPRA Earnings – Half-year (M€)	32.3	26.1	-19.2%	72.8	81.0	+11.2%
EPRA NRV (€M)	3,582	3,777	+5.5%	4,595	5,045	+9.8%
EPRA NTA (€M)	3,195	3,384	+5.9%	4,147	4,556	+9.9%
EPRA NDV (€M)	2,819	3,025	+7.3%	3,397	3,759	+10.7%
% of capital held by Covivio	43.5%	43.6%	+0.0 pts	61.7%	61.7%	+0.0 pts
LTV including duties	41.9%	38.6%	-3.3 pts	34.4%	34.1%	-0.3 pts
ICR	2.2	2.2	+4 bps	6.1	6.5	+40 bps

7. GLOSSARY

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

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

▶ **Operating assets**

Properties leased or available for rent and actively marketed.

▶ **Rental activity**

Rental activity includes mention of the total surface areas and the annualised 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.

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.

▶ **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:

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

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

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

▶ **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:

1 - Loss of rental income through vacancies (calculated at MRV)

rental income of occupied assets + loss of rental income

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

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 Like-for-Like change is computed based on the rent in €/m² spot N versus N-1 (without vacancy impact) on the basis of accounted rents.

For operating hotels (owned by FDMM), like-for-like change is calculated on an EBITDA basis

Restatement done:

- Deconsolidation of acquisitions and disposals realised on the N and N-1 periods
- Restatements of assets under works, ie:
 - 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