COVIVIO

FIRST-HALF FINANCIAL REPORT

2021 EDITION

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2021 first-half financial report

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1.1 Business analysis

Changes in scope

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

1.1.1 Revenues: €291 million in H1 2021

	100%			Group Share				
(In € million)	H1 2020	H1 2021	Change (%)	H1 2020	H1 2021	Change (%)	Change (%) LfL*	% 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**	**n.a.**	**18.4**	**22.3**	**+21.1%**	**-1.0%**	**8%**
Berlin	5.1	5.0	n.a.	3.6	3.5	-4.5%	-1.7%	1%
Other cities	22.2	20.5	n.a.	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%**

* 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 integration of *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 oof 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 core-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 Center West and Milan on committed projects in the CBDs
- other effects (+€1.4 million).

1.1.2 Lease expiries and occupancy rates

1.1.2.1 Annualized lease expires: 7.3 years average lease term

1.1.2.1.1 Average firm lease duration by activity

(Years)	By lease end date (1st break)		By lease end date	
Group Share	2020	H1 2021	2020	H1 2021
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.

1.1.2.1.2 Lease expiries schedule

(In € million; Group Share)	By lease end date (1st break)	% of total	By lease end date	% of total
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 annualized 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 annualized revenues are split as follow:

- 3% of Covivio annualized revenues (€21 million) to be managed, in France (45%), Italy (32%) and Germany (23%)
- 5% of Covivio annualized 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).

1.1.2.2 Occupancy rate: 95%

(In %)	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 stands at 94.6% for strategic activities.

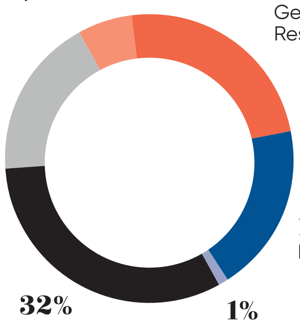
1.1.3 Breakdown of annualised revenues

By major tenants

	Annualized revenues*	
(In € million, Group Share)	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%**

* The hotels annualized 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 operators in Hotels.

1.1.4 Cost to revenue ratio by business

(In € million, Group Share)	France Offices H1 2021	Italy Offices (incl. retail) H1 2021	Germany Offices H1 2021	German Residential H1 2021	Hotels in Europe (incl. retail) H1 2021	Other (Mainly France Residential) H1 2021	Total H1 2020	Total 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.

1.1.5 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.

1.1.6 Disposals: €404 million of new disposals agreements in 2021 with 3.7% margin

(In € million)		Disposals (agreements as of end of 2020 closed) (1)	Agreements as of end of 2020 to close	New disposals H1 2021 (2)	New agreements H1 2021 (3)	Total H1 2021 = (2) + (3)	Margin *vs* 2020 value	Yield	Total Realised Disposals = (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%	-	-	-	-	-	0.0%	n/a	0
	Group Share	-	-	61	-	61	0.0%	n/a	61
Hotels in Europe	100%	13	19	-	-	-	0.0%	0.0%	13
	Group Share	5	8	-	-	-	0.0%	0.0%	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:** €231 million Group Share:
  - Alexanderplatz: €61 million Group Share (Sharing a development project)
  - 5 assets in Milan (€58 million Group Share) and two assets located in major cities in France, Lyon and Lille (€94 million Group Share)
  - some privatization 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.

1.1.7 Investments: €228 million realised in 2021 Group Share

€323 million (€228 M Group Share) of investments were realized 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 and Nice (€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.

1.1.8 Development projects

1. **Committed Office Pipeline**
2. **Committed France Residential Pipeline**
3. **Committed German Residential Pipeline**
4. **Managed Pipeline**

1.1.8.1 Committed Office Pipeline

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

Committed projects	Surface[(1)] (m²)	Total Budget[(2)] (in €m, 100%)	Total Budget[(2)] (in €m, Group Share)	Pre-let (%)	Target yield[(3)] (%)
France Offices	157.,100 m2	1,193	839	33%	5.1%
Italy Offices	33,000 m²	178	178	64%	6.2%
Germany Offices	60,000 m²	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.

1.1.8.1.1 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.

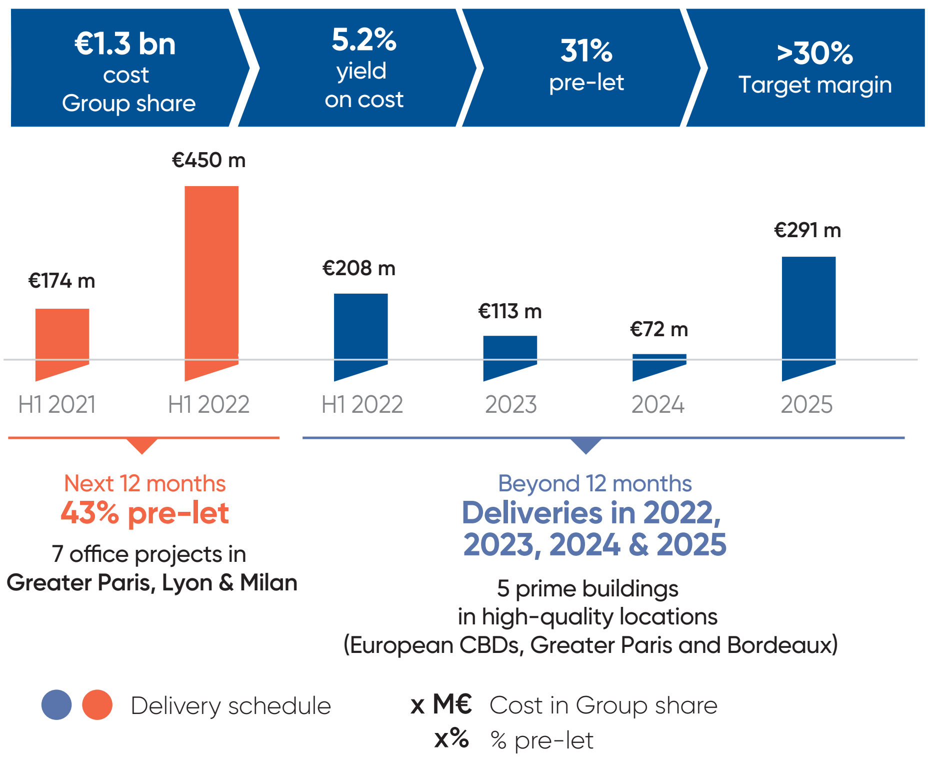
The yield achieved upon delivery of these projects was about 6.4% at full occupancy.

1.1.8.1.2 Committed projects: €1.3 billion 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, Carnot, Anjou, Corso Italia and Loft) will be committed in the next few months representing 45,550 m² and an estimated total cost of €670 million.

For detailed figures on the committed projects, see page 8 of this document.

1.1.8.1.3 Pipeline at H1 2021



Committed projects	Location	Project	Surface[1] (m²)	Delivery	Target rent (in €/m²/year)	Pre-leased (%)	Total Budget[2] (in €M, 100%)	Total Budget[2] (in €M, Group Share)	Target Yield[3]
Silex II (50% share)	Lyon	Regeneration	30,900 m²	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 m²	2022	>900	46%	189	189	4.0%
Paris So Pop (50% Share)	Paris 17th	Regeneration	31,300 m²	2022	400	0%	230	112	5.7%
N2 (50% share)	Paris 17th	Construction	15,600 m²	2022	575	0%	168	85	4.2%
Lyon Sévigné	Lyon	Regeneration	4,200 m²	2022	240	10%	17	17	5.4%
Levallois Alis	Levallois – Greater Paris	Regeneration	19,800 m²	2022	500	0%	208	208	4.8%
DS Extension 2 (50% share)	Vélizy – Greater Paris	Regeneration	27,500 m²	2023	325	100%	141	71	7.1%
Bordeaux Jardin de l'Ars	Bordeaux	Construction	19,200 m²	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 m²	2021	315	72%	89	89	6.9%
Total deliveries 2021			**18,500 m²**			**72%**	**89**	**89**	**6.9%**
Unione	Milan	Regeneration	4,500 m²	2022	480	100%	47	47	4.6%
Vitae	Milan	Construction	10,000 m²	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 m²	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...

1.1.8.2 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 and are pre-sold at 90%. All projetcs will be sold.

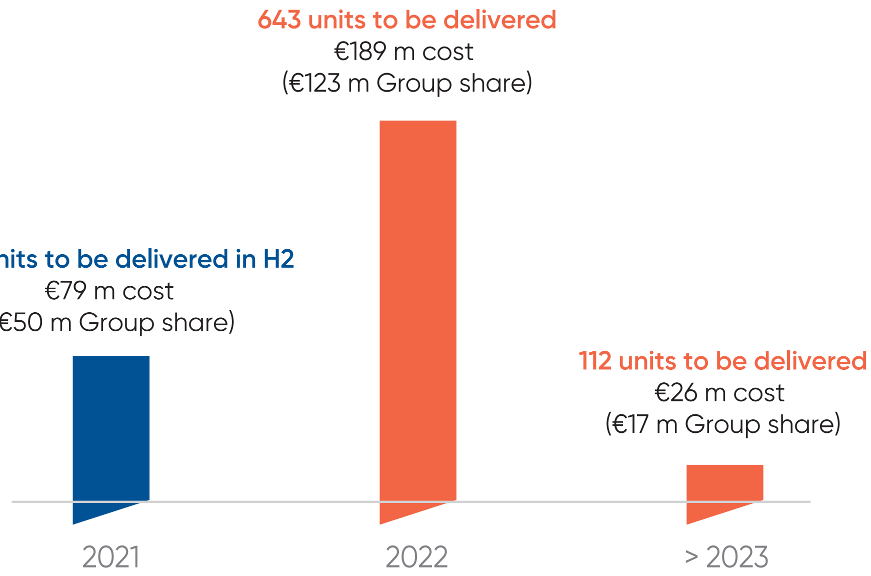
Committed projects	Units	Total Budget* (in €M, 100%)	Total Budget* (in €M, Group Share)
Meudon, Observatoire	26	12	12
To be sold in 2021	**26**	**12**	**12**
Le Raincy	97	20	20
Saint-Germain-Les-Corbeil	80	13	13
Bobigny	158	34	23
Chartres Sully	110	15	15
To be sold in 2022 and beyond	**445**	**82**	**71**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

* Including land and financial costs.

1.1.8.3 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 a total costs of €34 million Group Share
- In the first half of 2021, the pipeline is composed of twenty projects mainly located in Berlin, totaling 1,081 residential units and a total cost of €190 M Group Share with a value creation or magin of sales target of >40%.

Delivery timeline for committed projects



Committed projects	Units	Total Budget* (in €M, 100%)	Total Budget* (in €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%**

* Including land and financial costs.

1.1.8.4 Managed Pipeline

1.1.8.4.1 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.

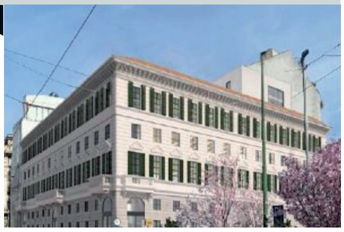
The next office projects are expected to be committed in 2021 in central locations:

Paris Madrid St Lazare – Paris CBD
6,200 m^2

Paris Anjou – Paris CBD
9,300 m^2

Paris Monceau – Paris CBD
10,800 m^2

Corso Italia- Milan CBD
11,600 m^2



Berlin Loft - Berlin CBD
7,600 m^2

1.1.8.4.2 French residential managed projects

Since 2017 Covivio has been constantly looking for opportunities to transform its secondary location offices into residential. To date 70,000 m² with obtained building permit are to be launched by the end of the year amounting to 1,100 flats. In addtition, 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.

1.1.8.4.3 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 m^2 of residential areas that could be progressively launched in 2022 and beyond, most of it in Berlin and represent a total cost of ~€643 million (€416 million Group Share).

1.1.8.4.4 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 redevelopped 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).

1.1.8.4.5 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), nextto the existing Sunsquare building (15,000m²), a land in Leipzig (25,000m² lettable) and Dresden (5,000m²)

1.1.9 Portfolio

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

(In € 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%**

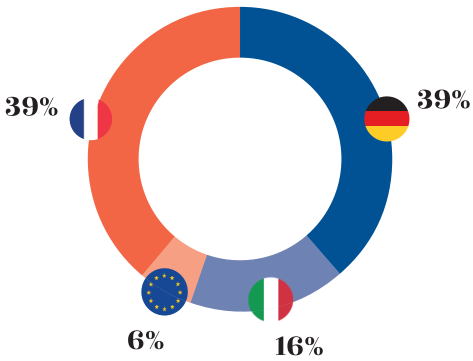
(1) LfL: Like-for-Like.
(2) Yield excluding development projects. Yield on hotels based on 2020 fixed revenues and 2019 variable revenues.

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 despite the difficult environment explained by:

- +5% driven by the 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 at 2021

93% in major European cities and +2 pts in Germany *vs* 2020



1.1.10 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 (m²)	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%
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%

1.2 Business analysis by segment

1.2.1 Offices: 58% 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 work 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 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.

TOP EUROPEAN CITIES
65%[(a)]
€6.4 B / 95 assets

Paris inner-city / Milan / Top 5 German cities & Neuilly/Levallois

+23% pts in 6 years

- ✓ Mix of attractive new buildings
- ✓ & prime redevelopment opportunities

TOP BUSINESS DISTRICTS
28%[(a)]
€2.7 B / 48 assets

GREATER PARIS BEST DISTRICTS (€2.1 B)
Issy-Boulogne, Montrouge-Châtillon, La Défense, Rueil, Vélizy

TOP 5 FRENCH CITIES (€0.6 B)
Lyon, Bordeaux, Marseille, Lille, Toulouse

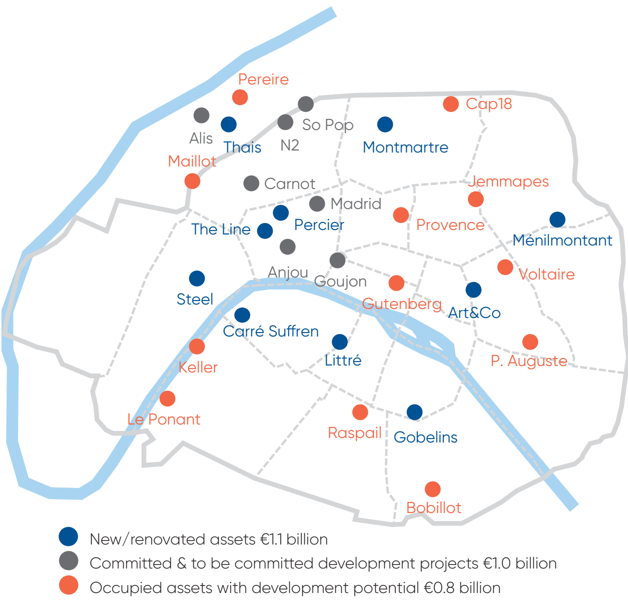
- ✓ **Centrality:** in the best micro-location of major transports hubs
- ✓ **High-quality** of real estate
- ✓ Attractive **risk/return** profile

NON-CORE ASSETS
7%[(a)] **/ €0.7 B**

MOSTLY TELECOM ITALIA

WITH 100% OCC. & 10Y WALT

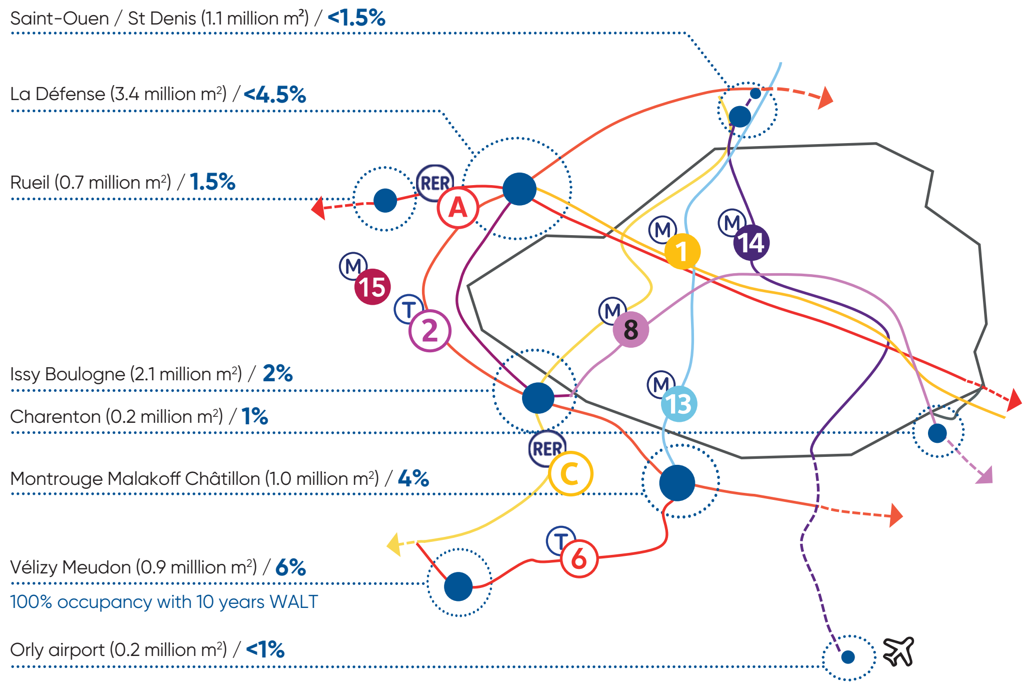
1.2.1.1 Paris & Neuilly/Levallois Offices portfolio (29%[(1)]; €2.9 billion)



(1) Excluding assets under disposals agreements in France from office portfolio (0.2 bn Group Share).

1.2.1.2 Greater Paris Offices portfolio (21%[1]; €2.1 billion)

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



UNCOMPROMISING QUALITY OF REAL ESTATE

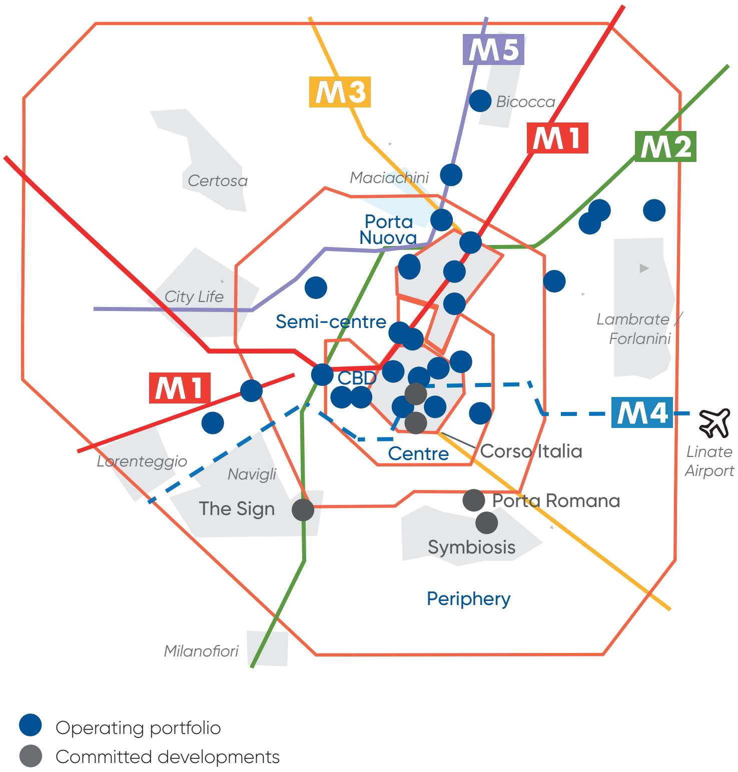
<5 min walk from rail transport	**86%** of portfolio +10% within 10 min walk
Certified green assets	**100%**
Services operated by Covivio	**96%** Target 100% by 2025

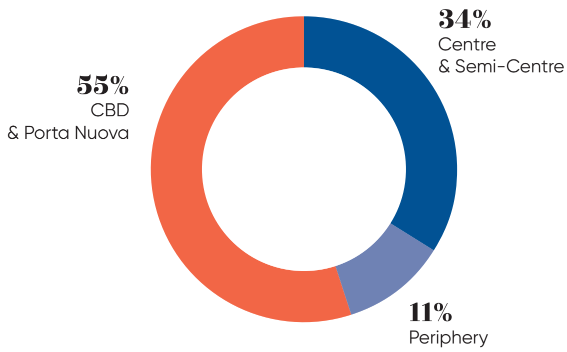
AND OTHER COMPETITIVE ELEMENTS

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

(1) *Excluding assets under disposals agreements in France from office portfolio (0.2 bn Group Share).*

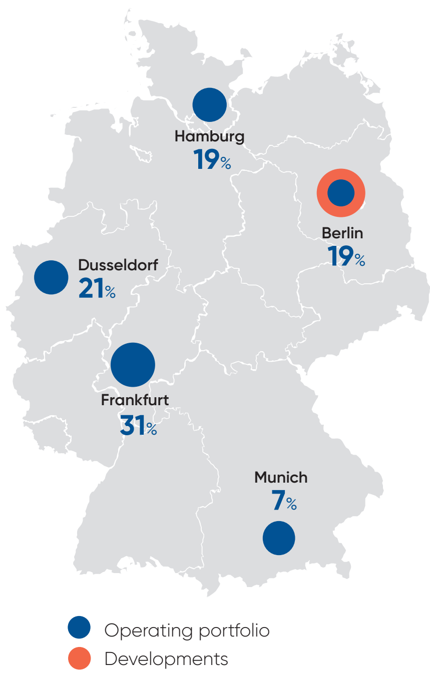
1.2.1.3 Milan Offices portfolio (20%[1]; €2.0 billion)

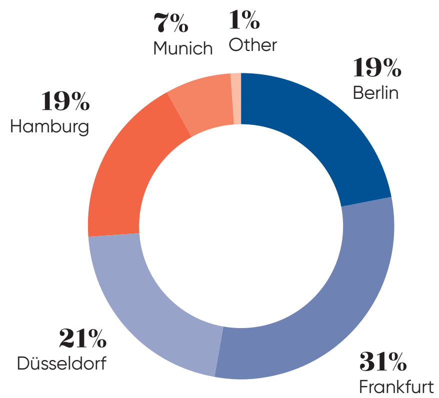




(1) Excluding Telecom Italia assets.

1.2.1.4 Germany Offices portfolio (15%[1]; €1.5 billion)





(1) Excluding assets under disposals agreements in France from office portfolio (0.2 bn Group Share).

1.2.2 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.

1.2.2.1 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 theinvestment market for offices remained dynamic.

- **Take-up** in Paris region is recovering, beside a Q1 2020 less impacted, and benefitted from less restrictivelockdowns compared to last year to reach 765,600 m² (+14% vs H1 2020), with an acceleration in the secondquarter (+34% vs Q1 2021)
  - **in Paris,** take-up increased by 24% to 300,600 m^2
  - **in Greater Paris** (excl. 2nd ring), the take-up (345,000 m²) increased by 50% excluding the Total transactionin 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 m^2 (up 34% YoY), of which 29% of new space
- For the first time since 2016, **future available supply** in Greater Paris decreased, to reach 2.1 million m^2 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 m^2/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% -3.00% in Paris) and the 10-year OAT (0.0.46% 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 fully occupied in Paris, Montrouge and Montpellier, of which 3 are fully occupied.

Sources: Immostat, CBRE, Crane Survey.

1.2.2.2 Accounted rental income: -2.8% 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 (%) LfL* 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%**

* LfL: Like-for-Like.

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

- **decrease of rental performance** (-€2.8 million) with -2.8% on a like-for-like basis including 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.

1.2.2.3 Annualized rents: €222.2 million Group Share

(In € million)	Surface (m²)	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 center of Major Regional Cities (53% of portfolio value)
- 31 non-core assets, 10 which 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 surfaces of the tower.

This decrease has partially been offset by deliveries in the First Ring and in Paris South.

1.2.2.4 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).

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

	Surface (m²)	Annualized IFRS rents H1 2021 GS	Annualized rents H1 2021 (in €/m², 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 years 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 Cœur d'Orly Belaïa: 2 new leases for 9 years on this asset that has been 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 has been delivered in July
  - **2,100 m²** in La Défense-CB21 with 3 new tenants
- **56,000 m² were 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).

1.2.2.6 Lease expiries and occupancy rate

1.2.2.6.1 Lease expiries: firm residual lease term of 4.8 years

(In € million)	By lease end date (1st break)	% of total	By lease end date	% of total
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 annualized revenues. More than 90% of it is under full control, 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 annualized revenues are split as follow:

- 1.5% of Covivio annualized revenues (€10 million) to be managed, mainly on assets in Issy-les-Moulineaux/Boulogne (€6 million) already currently under negotiation
- 4.3% of Covivio annualized 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).

1.2.2.6.2 Occupancy rate: 92.1% at end June 2021

(In %)	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.

1.2.2.7 Disposals: €102 million secured in H1 2021

(In € million)	Disposals (agreements as of end of 2020 closed) (1)	Agreements as of end of 2020 to close	New disposals H1 2021 (2)	New agreements H1 2021 (3)	Total H1 2021 = (2) + (3)	Margin *vs* 2020 value	Yield	Total Realised Disposals = (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.

1.2.2.8 Portfolio values

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

(In € million, 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 crystallize the value of mature assets and to finance investments in the development pipeline.

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

(In € 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%
Neuilly/Levallois							*6%*
La Défense/Péri Défense/Rueil							*11%*
Issy-les-Moulineaux/Boulogne							*4%*
Inner ring	1,251	1,800	1,271	+0.1%	5.1%	4.9%	22%
Montrouge/Malakoff/Châtillon							*7%*
Vélizy/Meudon							*10%*
Other							*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%
Lyon/Marseille/Bordeaux							*5%*
Other							*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 besides 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.

1.2.2.9 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).

1.2.3 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.

1.2.3.1 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 thenumber of transactions from 86 to 103 (especially marked in the centre and semi-centre where it doubled upfrom 20 to 36). Grade A building were the most in demand, representing 77% of the take-up, which is the highestnumber 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 mainlylocated (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/m²end-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. Primeyields 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.

Sources: CW, JLL, BNP Paribas Real Estate

1.2.3.2 Accounted rental income: -1.7% like-for-like

(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 (%)	Change (%) LfL*	% of total
Offices – excl. Telecom Italia	43.3	43.3	38.0	38.0	-12.1%	-2.7%	49%
of which Milan	*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%**

* 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 million), in Milan CBD
- other effects (-€0.2 million).

1.2.3.3 Annualised rental income: €127 million Group Share

(In € million)	Surface (m²)	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	0.0	–	–	n.a.	n.a.
TOTAL	**1,323,897**	**169**	**124.7**	**164.3**	**127.2**	**2.0%**	**100%**

(In € million)	Surface (m²)	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%**

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

1.2.3.4 Indexation

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

During the first half of 2021, the average monthly change in the CPI has been +0.9%.

1.2.3.5 Rental activity

(In € million)	Surface (m²)	Annualized Top up rents H1 2021 Group Share	Annualised rents H1 2021 (100%, in €/m²)
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** have been 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, among 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 are under negotiation, located in excellent locations.

1.2.3.6 Lease expiries and occupancy rates

1.2.3.6.1 Lease expiries: 7.3 years of average firm lease term

(In € 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 annualized 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 annualized revenues are split as follow:

- 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.

1.2.3.6.2 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 stand now at 95.6% (+0.2 pt compared to year-end 2020) mainly because of lettings success on Garibaldi Complex.

1.2.3.7 Disposal agreements: €171 million secured during H1 2021

(€ million, 100%)	Disposals (agreements as of end of 2020 closed) (1)	Agreements as of end of 2020 to close	New disposals H1 2021 (2)	New agreements H1 2021 (3)	Total H1 2021 = (2) + (3)	Margin vs 2020 value	Yield	Total Realised Disposals = (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.

1.2.3.8 Portfolio values

1.2.3.8.1 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).

1.2.3.8.2 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 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.

1.2.4 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 13 February 2020, was closed on 14 May 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).

1.2.4.1 Stable letting market, appetite for investments

- Take-up in German's top six markets[(1)] 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 (6.5%) levels' remain quite high.
- Future supply is also limited, with around 4.2 million m² under construction among 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%.

1.2.4.2 Accounted rental income: +€4 million Group Share in the first semester of 2021

(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 (%) LfL* 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%**

* 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 when it amounted to 67% on average in H1 2020.

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

(1) *Sources: BNP Research, Savills, Colliers. Top 6 cities include Berlin, Düsseldorf, Frankfurt, Cologne, Munich and Hamburg.*

1.2.4.3 Annualised rents: €47 million Group Share

Geographic breakdown

(In € million)	Surface (m²)	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%**

1.2.4.4 Indexation

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

1.2.4.5 Rental activity

	Surface (m²)	Annualized IFRS rents H1 2021 GS	Annualized rents H1 2021 (in €/m², 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.

1.2.4.6 Lease expiries and occupancy rate

1.2.4.6.1 Lease expiries: firm residual lease term of 4.8 years

(In € million)	By lease end date (1st break)	% of total	By lease end date	% of total
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 annualized rents), are rental agreements on small office spaces, renewed automatically once a year and made with liberal companies (*e.g.* Medical doctors' offices).

€7 million of expiries are coming in 2022, representing 1% of Covivio annualized 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.

1.2.4.6.2 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).

1.2.4.7 Disposals €61 million Group Share

(In € million)	Disposals 2020 (agreements as of end-2020 closed) (1)	Agreements as of end-2020 to close	New disposals H1 2021 (2)	New agreements H1 2021 (3)	Total H1 2021 = (2) + (3)	Margin vs end June 2020 value	Current rent annualized	Yield	Total Realised Disposals = (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.

1.2.4.8 Portfolio values

1.2.4.8.1 Change in portfolio values

(In € 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	292
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 decreased by €38 million since year-end 2020, mainly due to the disposal of 45% of shares of Alexanderplatz project in Berlin for €61 million.

1.2.4.8.2 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* 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%**

* LfL: Like-for-Like.

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

- the like-for-like evolution (-0.4%) includes decreases in valuation for assets in Munich and Dusseldorf which still recover from tenant departures last year (WeWork break up and Wirecard bankruptcy for instance)
- in the meantime, assets in Berlin and Hamburg registered respectively a +0.8% and +2.0% like-for-like evolution.

1.2.5 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.

1.2.5.1 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: +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/m^2
  - asking prices for apartments increased by 11% in 2020, bringing the cumulated 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/m^2 over one year while asking rent on existing building follow an even more dynamic trend (+20.1% to €13.5/m^2)
  - the median **asking price grew by 5.4%** and now stands above 5,130 €/m^2, well above the current valuation of Covivio's residential portfolio (€3,194/m^2 in Berlin). Price for **new buildings also reached a new high** of €7,380/m^2 (+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:

- the pursuit of rental growth: +3.8% on a like-for-like 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 at an average of €3,194/m^2 and 2,000 m^2 of land bank with a development potential of 32 units.

Sources: JLL, Guthmann Real Estate, CBRE.

1.2.5.2 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 recovers 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 modernization) 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.

1.2.5.3 Annualised rental income: €169.5 million Group Share

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

* 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%).

1.2.5.4 Indexation

Rental income from residential property in Germany changes according to multiple mechanisms:

1.2.5.4.1 Rents for re-leased properties

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

As an exception to the unrestricted rent setting principle, cities like Berlin, Hamburg, Cologne and Düsseldorf have introduced rent caps *(Mietpreisbremse)* for re-leased properties. 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.

1.2.5.4.2 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, however 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 into 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.

1.2.5.4.3 For current leases with work carried out

If work has been carried out, rent 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 work aims to save energy, increase the utility value, or improve the living conditions in the long run
- the tenant must be notified of this rent increase within three months
- the rent may not increase by more than €3/m² for 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 cancelled by the Federal Constitution Court on 15 April 2021. All rents that have been decreased due to this regulation can now be set-up back to their market level. Covivio put in place a series of measures to help tenants face this change in regulation.

1.2.5.5 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.

1.2.5.6 Disposals and disposals agreements: €17 million with a 62% margin on appraisal value

(In € million)	Disposals 2020 (agreements as of end-2020 closed) (1)	Agreements as of end-2020 to close	New disposals H1 2021 (2)	New agreements H1 2021 (3)	Total H1 2021 = (2) + (3)	Margin vs end-2020 value	Yield	Total Realised Disposals = (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).

1.2.5.7 Acquisitions: €98 million realized in H1 2021

			Acquisitions H1 2021 realised		
(In € million, including duties)	Surface (m²)	Number of units	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 were bought for €2 million Group Share, with a development potential of 32 units

1.2.5.8 Portfolio values: €7.2 billion (€4.7 billion Group Share)

1.2.5.8.1 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 increase by 9.5% to stand at €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).

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

(In € million, Excluding Duties)	Value 2020 Group Share	Surface 100% (in m²)	Value H1 2021 100%	Value H1 2021 (in €/m²)	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).

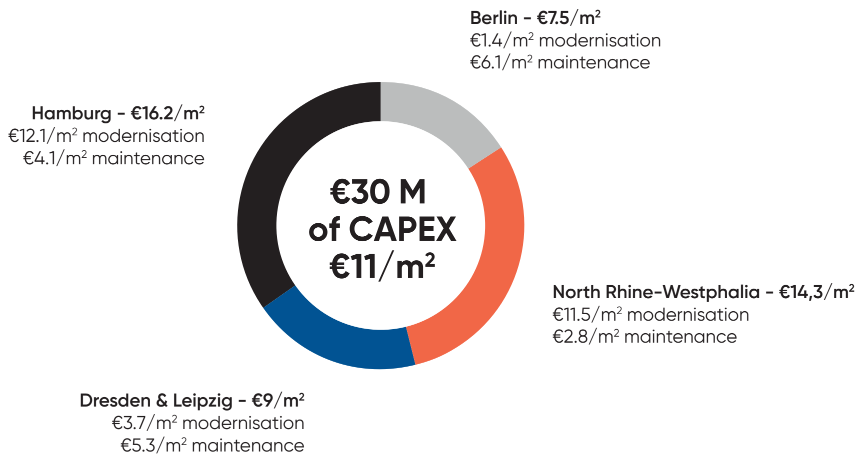
In the first half of 2021, values increased by +7.4% on a like-for-like basis since end-2020 which represents yet another very dynamic period of growth:

- +6.4% in Berlin due to the increase in values in highly sought-after locations, almost back at the pre-*Mietendeckel* levels of growth, which has been cancelled 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.

1.2.5.9 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 at half-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% half-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.



1.2.6 Hotels in Europe

Covivio Hotels, a subsidiary of Covivio held at 43.6% 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).

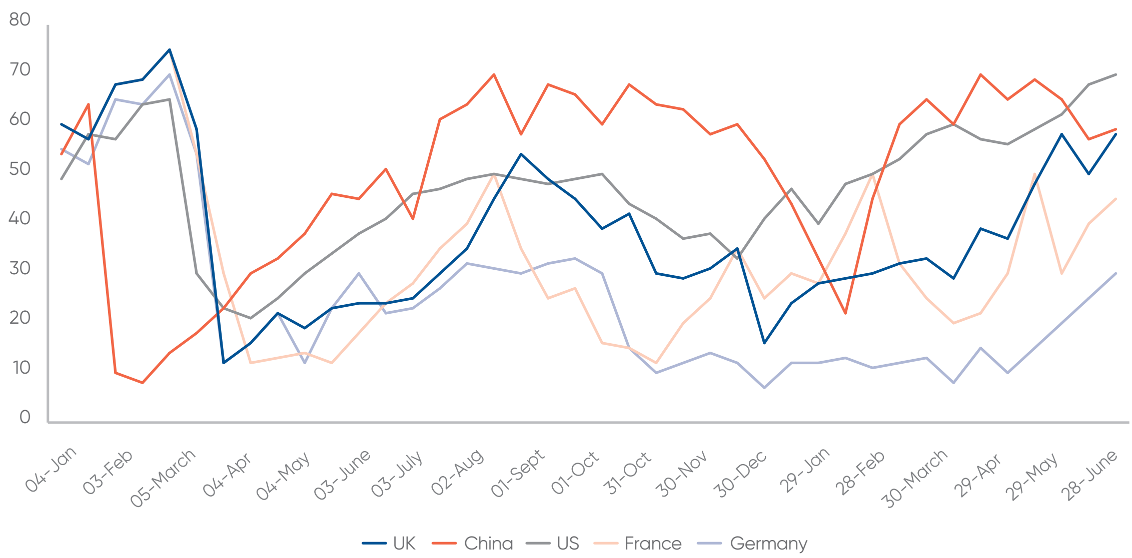
Covivio owns a high-quality hotel portfolio worth €6.5 billion (€2.5 billion in Group Share), focused on major European cities and let or operated by 16 major hotel operators such as Accor, B&B, IHG, NH Hotels, etc. This portfolio offers geographic and tenant diversification (across 12 European countries) and asset management possibilities *via* different ownership methods (hotel lease and Hotel Operating properties).

1.2.6.1 A difficult first half but optimism for the second semester of 2021

The pursuant of the lockdowns continued to weigh 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 variant delta).

Weekly Hotel Occupancy



(Sources: STR, Morgan Stanley Research).

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 the uncertainty hanging over and by the difficulties in accessing financing for hotel assets. However, 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 held at 84.6% and the other 3 at 90.0%
- 2 Motel One assets in Germany (94.0%)
- Club Med Samoëns (50.1%)
- 32 AccorInvest assets in France (30 assets) and Belgium (2 assets), owned at respectively 31.2% (26 assets) and 33.3% (6 assets).

1.2.6.2 Recognised revenues: -20% on a like-for-like basis

(In € million)	Number of rooms	Number of assets	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*
Hotel Lease properties - Variable	15,888	105	9.7	4.2	7.4	3.2	-23%	-26%
Hotel Lease properties - Fixed	21,854	188	60.1	22.9	68.2	26.5	16%	0%
Hotel properties - UK	2,228	12	0.0	0.0	0.0	0.0	n.a	n.a
Operating properties - EBITDA	5,272	20	3.3	1.4	-3.8	-1.5	-211%	-168.1%
TOTAL REVENUES HOTELS	**45,242**	**325**	**73.1**	**28.5**	**71.8**	**28.2**	**-1.0%**	**-20.2%**

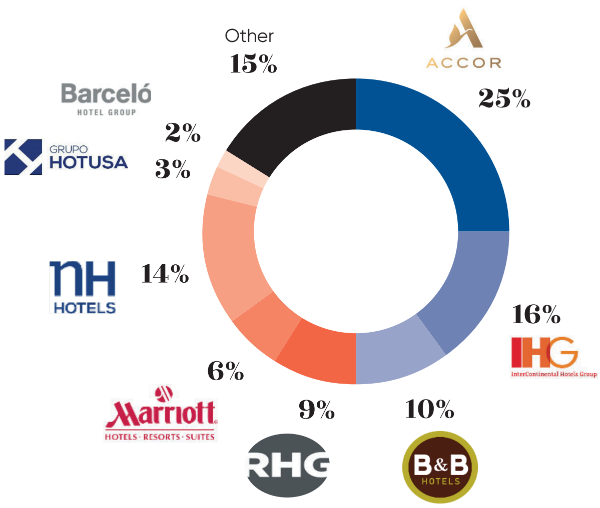
* LfL: Like-for-Like.

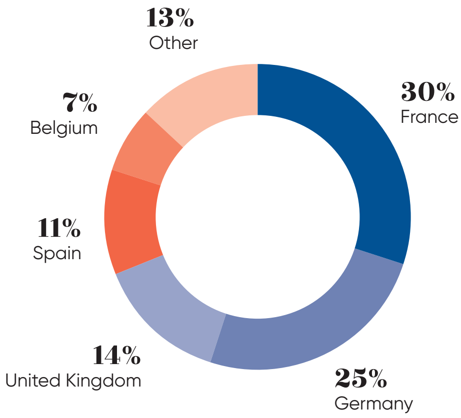
Hotel revenue were stable at only -€0.3 million Group Share compared to the first half of 2020, due to:

- **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.

1.2.6.3 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.





1.2.6.4 Indexation

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

1.2.6.5 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 stays very high at 13.9 years (-0.3 year *vs* end-2020), the main operation 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%

1.2.6.6 Disposals and disposal agreements

(In € million)	Disposals (agreements as of end of 2020 closed) (1)	Agreements as of end of 2020 to close	New disposals H1 2021 (2)	New agreements H1 2021 (3)	Total H1 2021 = (2) + (3)	Margin *vs* 2020 value	Yield	Total Realised Disposals = (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 €13M, 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.

1.2.6.7 Portfolio values

1.2.6.7.1 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 amounts to €2.5 billion Group Share, down -€6 million compared to year-end 2020, the like-for-like value impact (-€26 million) being partially compensated by the positive impact of the GBP revaluation (+€19 million).

1.2.6.7.2 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.

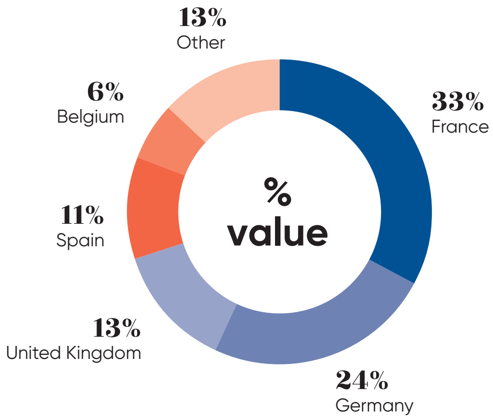
At the end of June 2021, Covivio held a unique hotel portfolio of €2.5 billion (€6.5 billion at 100%) in Europe. This strategic portfolio is characterised by:

- **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:

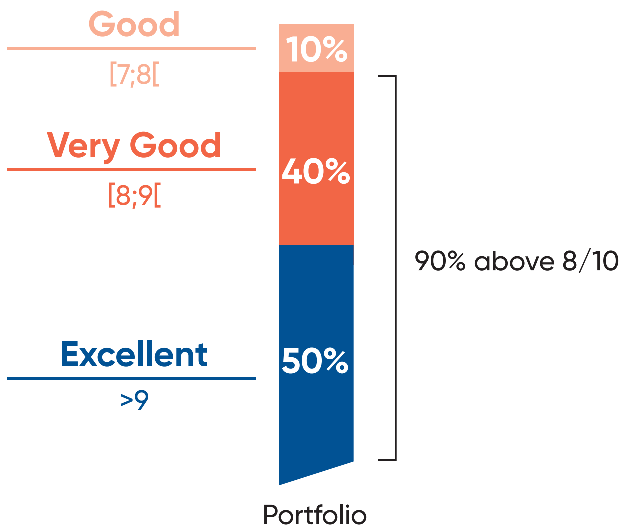
1. **value adjustments on the UK portfolio (13% of hotels),** -6.5% on these 12 assets leased to IHG, due to the longer lockdown period, MAC clause and their impact on the rent forecasts
2. **stable values elsewhere:** resilience on 87% of the portfolio thanks to the excellent location of assets and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



1.3 Financial information and comments

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

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

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

Consolidated accounts

1.3.1 Scope of consolidation

On 30 June 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%
Fédérimmo (Carré Suffren)	60.0%
Covivio Alexanderplatz (Alexanderplatz)	55.0%
SCI Latécoëre (DS Campus)	50.1%
SCI Latécoëre 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%

1.3.2 Accounting principles

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

1.3.3 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%**

1.3.3.1 €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 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 M due to the increase of ownership rate (65% H1 2020 *vs* 100% H1 2021).

German Residential: increase driven by the acquisition, the change in the rent regulation in Berlin (cancellation of *Mietendeckel*) and the pursuant of rental growth in the other areas

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

1.3.3.2 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.

1.3.3.3 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 Office Italy) and to the increase in the percentage of completion.

1.3.3.4 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.

1.3.3.5 Amortisation of operating assets

Note that this item includes the amortisation linked to the right of use according to IFRS 16. This amortisation of right of use is mainly related to owner-occupied buildings and headquarters. The increase for the year is mainly due to a refurbishment in our own-occupied building (Gobelins).

1.3.3.6 Net change in provision and other

Before the application of IFRS 16, ground lease expenses and ground lease recharge were reported within net rental income. Because of the application of IFRS 16 "Leases", there is no longer a ground lease expense (this expense is replaced by an interest charge), therefore the ground lease recharge is reported under "Net change in provision and other" so as to not artificially increase Net rental income. During 2020 there was no ground lease recharge in UK companies; however, the amount is €1.4 million in H1-2021.

1.3.3.7 Net income from inventory properties

This item refers to the trading activity, mainly in Italy.

1.3.3.8 Change in the fair value of assets

The income statement recognises changes in the fair value (+€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 are taken into account in the EPRA NAV calculation (Hotel Operating properties, flex-office assets and other own-occupied buildings).

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

1.3.3.9 Income from asset disposals & disposal of securities

Income from asset disposals contributed +€6 million during the year. This gain is mainly in France Office activity (+€3.4 million).

1.3.3.10 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).

1.3.3.11 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.

1.3.3.12 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.

1.3.3.13 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.

1.3.3.14 Share of income of equity affiliates

Group Share	% interest	Contribution to earnings (in € 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 buildings (Calypso) and a hotel (Golden Tulip) in partnership with Crédit Agricole Assurances. During the first half of 2021, one office building (Astrolabe) has been sold
- Cœur 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.

1.3.3.15 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).

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

(In € million, Group Share)	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
Management & administration income	*9.1*	-	*9.1*	*12.3*
Operating costs	*-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	0.0	-
Income from asset disposals	6.0	-6.0	0.0	-
Income from value adjustments	296.3	-296.3	0.0	-
Income from disposal of securities	1.8	-1.8	0.0	-
Income from changes in scope & other	-0.8	0.8	0.0	-
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	0.0	-
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	0	0.0
Corporate income tax	-5.3	1.3	-4.0	-1.4
NET INCOME FOR THE PERIOD	**466.9**	**-260.0**	**206.9**	**192.4**
Average number of shares			*94,318,440*	*88,541,092*
NET INCOME PER SHARE	**5.31**		**2.19**	**2.17**

- The restatement on the net rental income is linked to IFRIC 21 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 an €0.9 million impact on the cost of debt due to early debt restructuring costs.

- Regarding 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.

1.3.3.17 EPRA Earnings by activity

(In € million, Group Share)	France Offices	Italy Offices*	Germany Residential	Germany Offices	Hotels in lease*	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
finance lease interest	*0.0*	*0.0*	*0.0*	*0.0*	*-0.6*	*-0.3*	*-0.2*	*-1.1*
Discounted receceivable/payable	*0.0*	*0.0*	*0.0*	*0.0*	*-0.3*	*0.0*	*0.0*	*-0.3*
Irregular financial amortisation	*0.0*	*-0.3*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*-0.3*
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**

* Including non-strategic retail in the subsidiary scope.

1.3.3.18 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**

1.3.4 Simplified consolidated income statement (at 100%)

(In € million, 100%)	H1 2020	H1 2021	var.	%
Net rental income	392.9	383.80	-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%) 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 ca.€4 million, mainly due to the sales of assets in France Office 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%**

1.3.5 Simplified consolidated balance sheet (Group Share)

Assets (in € million, Group Share)	2020	H1 2021	Liabilities	2020	H1 2021
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**

1.3.5.1 Investment properties, Properties under development and Other fixed assets

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

(In € million, Group Share)	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 (-€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), acquisitions, Capex and acquisitions (+€121 million), offset by the disposal 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 the change in foreign currency mainly in the UK portfolio (+€27 million) and the Capex (+€6 million).

1.3.5.2 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
- 8% of hotels in Europe
- 5% of offices in Germany.

1.3.5.3 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: -€340 million
- change in Other Comprehensive Income +€6 million.

1.3.5.4 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).

1.3.6 Simplified consolidated balance sheet (at 100%)

Assets (in € million, 100%)	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**

1.4 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 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.

1.4.1 Main debt characteristics

Group Share	2020	H1 2021
Net debt, Group Share (in € 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

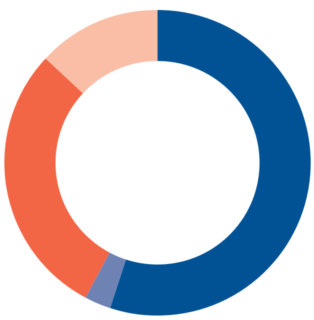
1.4.2 Debt by type

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.

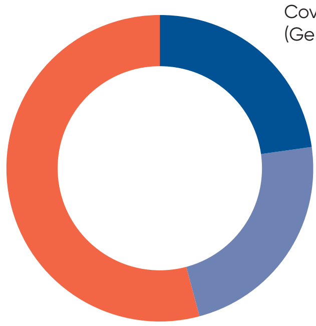
Consolidated commitments

by type



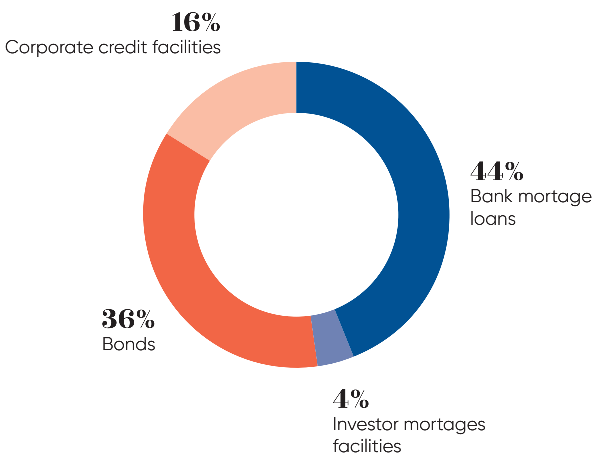
Group Share commitments

by company



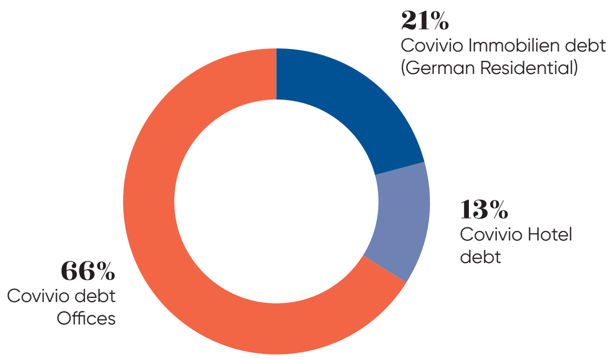
Consolidated commitments

by type



Group Share commitments

by company

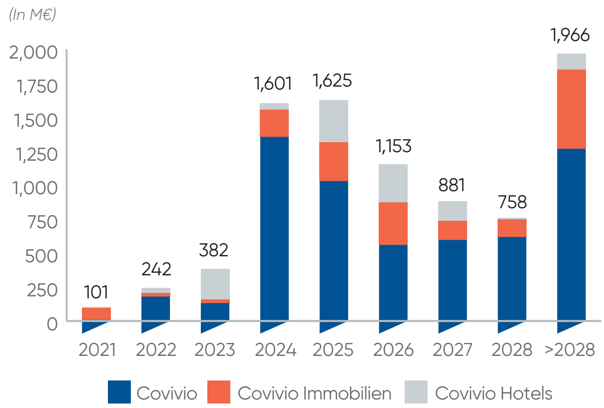


1.4.3 Debt maturity

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 [1]
€ million **(Group Share)**

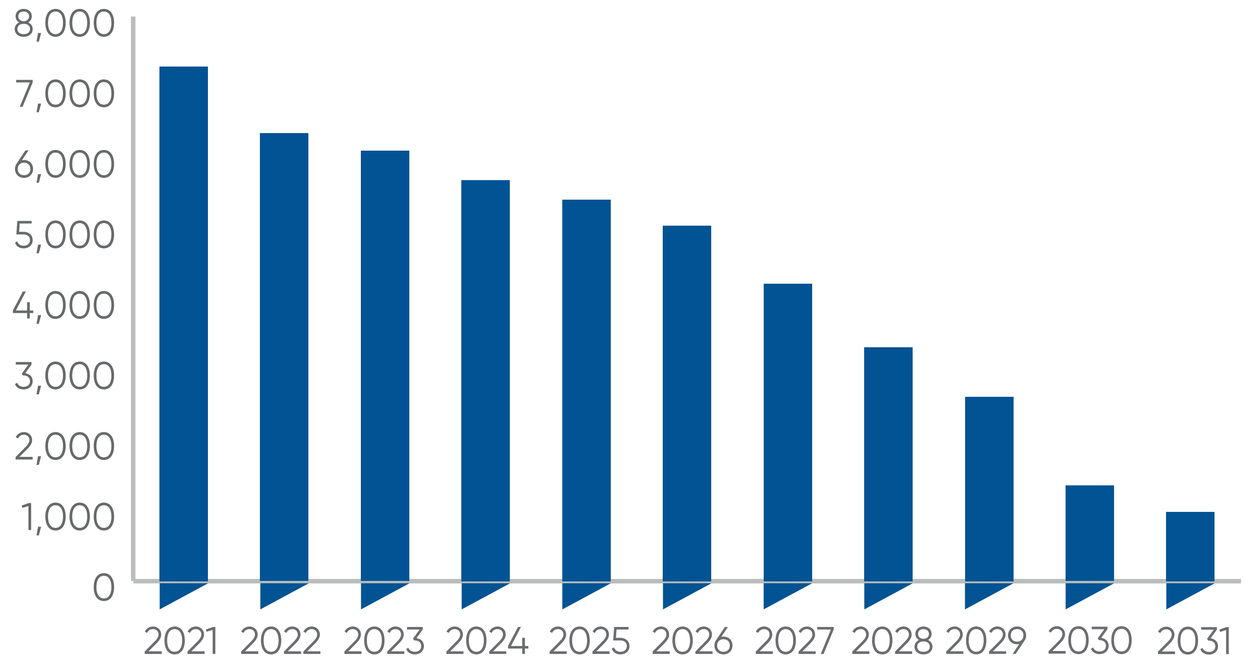


(1) Excluding commercial papers.

1.4.4 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.



1.4.5 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.

1.4.5.1 Financial structure

Excluding debts raised without recourse to the Group's property companies, the debts of Covivio and its subsidiaries generally include bank covenants (ICR and LTV) applying to the borrower's consolidated financial statements. If these covenants are breached, early debt repayment may be triggered. These covenants are established on a Group Share basis for Covivio and 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%*
ICR	200%	705%
Secured debt ratio	25.0%	4.8%

* 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 (full 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%**

1.4.6 Reconciliation with consolidated accounts

1.4.6.1 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**

1.4.6.2 Portfolio

(In € million)	Consolidated accounts	Portfolio of companies under the equity method	Fair value of operating properties	Right of use of investment properties	Minority interests	Group Share
Investment & development properties	23,170	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**

1.4.6.3 Interest Coverage Ratio

(In € million)	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**

1.5 EPRA reporting

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

1.5.1 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

(In € 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**

1.5.2 Investment assets – Information on leases

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

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

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

(In € million, Group Share)	Gross rental income (in €m)	Net rental income (in €m)	Annualised rents (in € m)	Surface (m²)	Average rent (in €/m²)	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*	**293**	**262**	**674**	**6,031,518**	**171**	**5.5%**	**5.2%**

* Including French residential and others.

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

1.5.3 Investment assets – Asset values

(In € million, Group Share)	Market value	Change in fair value over the year	Duties	EPRA NIY
France Offices	5,770	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	0	0	n.a.
TOTAL H1 2021	**17,272**	**296**	**910**	**3.5%**

The EPRA net initial yield is the ratio of:

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

Reconciliation with financial data

(In € million)	H1 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* (FINANCIAL DATA § 3.5)	**16,026**
Minority interests	7,408
INVESTMENT ASSETS 100%* (FINANCIAL DATA § 3.5)	**23,434**

* Fixed assets + Developments assets + asset held for sale.

Reconciliation with IFRS

(In € 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**

1.5.4 Information on leases

	Firm residual lease term (years)	Residual lease term (years)	Lease expiration by date of 1st exit option Annualised rental income of leases expiring				Total (in €m)	Section
			N+1	N+2	N+3 to 5	Beyond		
France Offices	4.8	5.7	8%	18%	33%	41%	222	1.2.2
Italy Offices (incl. retail)	7.2	7.8	6%	10%	15%	70%	130	1.2.3
Germany Offices	4.4	5.5	8%	15%	44%	33%	46	1.2.4
Hotels in Europe (incl. retail)	13.8	0.0	0%	0%	0%	0%	0	1.2.6
Others (German Residential, Hotels Ebitda, others)		n.a	n.a	n.a	n.a	n.a	201	1.2.5
TOTAL*	**7.3**	**8.2**	**4%**	**9%**	**17%**	**70%**	**599**	

* Percentage of lease expiries on total revenues.

1.5.5 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:

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

- EPRA net initial yield is the ratio of:

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

(In € million, Group Share) Excluding French Residential and car parks	Total 2020	France Offices	Italy Offices (incl. Retail)	German Offices	German Residential	Hotels in Europe (incl. Retail)	Total H1 2021
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%**

1.5.6 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
Overhead	-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 & coworking, 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.

1.5.7 EPRA Earnings: €207 million in H1 2021

(In € 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 disposal	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**

1.5.8 EPRA NRV, EPRA NTA and EPRA NDV

	2020	H1 2021	Var.	Var. (%)
EPRA NRV (in € m)	10,452	10,637	185	+1.8%
EPRA NRV/share (in €)	110.3	112.2	1.9	+1.7%
EPRA NTA (in € m)	9,482	9,638	155	+1.6%
EPRA NTA/share (in €)	100.1	101.6	1.5	+1.5%
EPRA NDV (in € m)	8,464	8,696	232	+2.7%
EPRA NDV/share (in €)	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

	In € m	In €/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**

1.5.8.1 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 the fair value essentially concerns the valuation of the debt coverages and the ORNANES.

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

1.5.8.2 Fair value assessment of operating properties

In accordance with IFRS, operating properties are valued at historical cost. To take into account the appraisal value, a €98.7 million value adjustment was recognised in EPRA NRV.

1.5.8.3 Fair value adjustment for the car parks

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

1.5.8.4 Fair value adjustment for own occupied buildings and operating hotel properties

In accordance with IAS 40, owner-occupied buildings and operating hotel properties are not recognised at fair value in the consolidated financial statements. In line with EPRA principles, EPRA NRV was adjusted for the difference resulting from the fair value appraisal of the assets for €29.5 million. The market value of these assets is determined by independent experts.

1.5.8.5 Fair value adjustment for fixed-rate debts

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

1.5.8.6 Recalculation of the base cost excluding duties of certain assets

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

1.5.8.7 Deferred tax liabilities

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

For this purpose, the Group uses the following method:

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

1.5.9 EPRA performance indicator reference table

EPRA information	Section	In %	Amount in €	Amount in €/share
EPRA Earnings	1.5.7	-	€207 M	€2.2/share
EPRA NRV	1.5.8	-	€10,637 M	€112.2/share
EPRA NTA	1.5.8	-	€9,638 M	€101.6/share
EPRA NDV	1.5.8	-	€8,696 M	€91.7/share
EPRA net initial yield	1.5.5	3.5%	-	-
EPRA topped-up net initial yield	1.5.5	3.8%	-	-
EPRA vacancy rate at year-end	1.5.2	5.2%	-	-
EPRA costs ratio (including vacancy costs)	1.5.6	19.3%	-	-
EPRA costs ratio (excluding vacancy costs)	1.5.6	16.8%	-	-
EPRA indicators of main subsidiaries	1.5.2 & 1.5.6	-	-	-

1.6 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

2

Condensed consolidated financial statements at 30 June 2021

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2.1 Condensed consolidated financial statements at 30 June 2021

2.1.1 Statement of financial position

Assets

(In € thousand)	Note 2.2.5	30/06/2021	31/12/2020
Intangible assets	**1.2**		
Goodwill		135,092	135,092
Other intangible fixed assets		24,822	25,114
Tangible assets	**1.2**		
Operating properties		1,342,554	1,347,995
Other tangible fixed assets		43,451	45,605
Fixed assets in progress		27,562	48,389
Investment properties	1.3	23,170,030	22,625,439
Non-current financial Assets	2.2	270,420	282,270
Investments in companies accounted for under the equity method	2.2	348,999	360,819
Deferred tax assets	4	90,359	103,698
Long-term derivative instruments	11.5	50,408	73,874
Total non-current assets		**25,503,698**	**25,048,295**
Assets held for sale	1.3	264,433	335,388
Loans and receivables	5	13,984	13,519
Inventories and work-in-progress	6.2	225,564	249,334
Short-term derivative instruments	11.5	20,457	25,504
Trade receivables	7	403,990	264,740
Tax receivables		17,662	20,902
Receivables from others	8	336,149	171,200
Prepaid expenses		11,572	4,718
Cash and cash equivalents	9	1,117,523	1,246,147
Total current assets		**2,411,333**	**2,331,454**
TOTAL ASSETS		**27,915,030**	**27,379,749**

Liabilities

(In € thousand)	Note 2.2.5	30/06/2021	31/12/2020
Capital		283,738	283,633
Share premium account		4,119,992	4,140,277
Treasury shares		-16,108	-19,651
Consolidated reserves		3,860,347	3,818,175
Net income		466,859	359,767
Total shareholders' equity, Group Share	**10**	**8,714,828**	**8,582,202**
Non-controlling interests		4,279,275	3,985,956
Total shareholders' equity		**12,994,103**	**12,568,157**
Long-term borrowings	11.2	10,341,065	10,459,091
Long-term rental liabilities	11.6	282,309	281,627
Long-term derivative instruments	11.5	249,286	360,214
Deferred tax liabilities	4	1,176,928	1,077,198
Staff termination benefits	12.2	56,774	57,466
Other long-term liabilities		25,170	23,291
Total non-current liabilities		**12,131,533**	**12,258,887**
Liabilities held for sale		0	0
Trade payables		174,578	127,197
Trade payables on fixed assets		99,072	90,774
Short-term borrowings	11.2	1,923,318	1,837,014
Short-term rental liabilities	11.6	14,378	15,994
Short-term derivative instruments	11.5	66,781	68,795
Security deposits		2,886	2,755
Advances and pre-payments received		263,635	208,972
Short-term provisions	12.2	31,124	34,988
Current taxes		33,860	32,643
Other short-term liabilities	13	154,988	111,272
Pre-booked income		24,773	22,302
Total current liabilities		**2,789,394**	**2,552,705**
TOTAL LIABILITIES		**27,915,030**	**27,379,749**

2.1.2 Statement of net income

(In € thousand)	Note 2.2	30/06/2021	30/06/2020
Rental income	6.2.1	423,184	435,213
Unrecovered property operating costs	6.2.2	-22,891	-19,949
Expenses on properties	6.2.2	-14,451	-13,693
Net losses on unrecoverable receivables	6.2.2	-2,079	-8,705
Net rental income		**383,764**	**392,866**
EBITDA from Hotel Operating activity & Flex Office	**6.2.3**	**424**	**6,613**
Income from other activities	**6.2.3**	**15,214**	**4,241**
Management and administration income		5,863	10,227
Business expenses[1]		-2,806	-2,993
Overheads		-57,238	-63,001
Net operating costs	**6.2.4**	**-54,181**	**-55,766**
Depreciation of operating assets	6.2.5	-38,616	-31,872
Net change in provision and other	6.2.5	9,193	6,481
OPERATING INCOME		**315,798**	**322,563**
Net income from inventory properties		54	56
Income from asset disposals	6.3	8,642	-6,141
Income from value adjustments	6.4	421,501	164,811
Income from disposal of securities	6.5	2,789	-68
Income from changes in scope	6.6	-877	-14,216
OPERATING RESULT		**747,907**	**467,006**
Cost of net financial debt[2]	6.7	-76,091	-86,683
The interest cost for rental liabilities	5.11.6	-7,228	-7,060
Value adjustment on derivatives	6.8	76,701	-98,553
Discounting and foreign exchange gains or losses	6.8	-771	-25
Exceptional amortisation of loan issue costs	6.8	-2,123	-489
Share of income from companies accounted for under the equity method	5.3.2	11,103	-5,639
PRE-TAX NET INCOME		**749,499**	**268,556**
Deferred tax	6.9.2	-110,640	-27,278
Corporate taxes	6.9.2	-8,775	-15,905
NET INCOME FOR THE PERIOD		**630,083**	**225,373**
Net income from non-controlling interests		-163,224	-31,110
NET INCOME FOR THE PERIOD – GROUP SHARE		**466,859**	**194,264**
Group net earnings per share (in €)	**7.2**	**4.95**	**2.19**
Group diluted net earnings per share (in €)	**7.2**	**4.93**	**2.10**

(1) Development costs (not capitalised) which were on a distinct line of the income statement at 30 June 2020 for -€691 thousand are now included in the item Business expenses.

(2) The income of non-consolidated companies which was on a distinct line of the income statement at 30 June 2020 for €5 thousand is now included under cost of net financial debt.

2.1.3 Statement of comprehensive income

(In € thousand)	30/06/2021	30/06/2020
NET INCOME FOR THE PERIOD	630,083	225,373
Currency translation differences	10,619	-5,984
Of which effective portion of gains or losses on hedging instruments	2,679	-3,472
Other comprehensive income that can be reclassified to profit or loss	**13,298**	**-9,456**
Actuarial differences on employee benefits	0	0
Change in value of operating assets	0	0
Other comprehensive income that cannot be reclassified to profit or loss	**0**	**0**
Other items of comprehensive income	**13,298**	**-9,456**
COMPREHENSIVE INCOME FOR THE PERIOD	643,381	215,917
of which attributable to owners of the parent company	472,839	191,426
of which attributable to non-controlling interests	170,542	24,492

2.1.4 Statement of changes in equity

(In € thousand)	Capital	Share premium account	Treasury shares	Reserves and retained earnings	Gains and losses recognised directly in shareholders' equity	Total shareholders' equity, Group Share	Non-controlling interests	Total shareholders' equity
Position at 31 December 2019	**261,660**	**3,882,299**	**-15,255**	**4,180,980**	**-12,038**	**8,297,646**	**4,060,698**	**12,358,343**
Dividends distribution		-61,151		-356,366		-417,517	-53,892	-471,409
Capital increase	21,555	321,717				343,272	-17,332	325,940
Allocation to the legal reserve	249	-2,405		2,156		0		0
Other			-623	-10,808		-11,431	-568	-11,999
Total comprehensive income for the period				**194,264**	**-2,838**	**191,426**	**24,492**	**215,918**
of which actuarial gains and losses on retirement benefits						0		0
of which currency transaction gains and losses					-1,067	-1,067	-4,917	-5,984
of which effective portion of gains or losses on hedging instruments					-1,771	-1,771	-1,701	-3,472
of which net income (loss)				194,264		194,264	31,110	225,374
Variation in scope and exchange rates				-727		-727	79,566	78,839
Shared-based payments				4,196		4,196		4,196
Position at 30 June 2020	**283,464**	**4,140,460**	**-15,878**	**4,013,695**	**-14,876**	**8,406,865**	**4,092,964**	**12,499,828**
Dividends distribution						0	-29,222	-29,222
Capital increase	1	-15				-14	391	377
Allocation to the legal reserve	168	-168				0		0
Other			-3,773	5,599		1,826	-3,693	-1,867
Total comprehensive income for the period				**165,503**	**2,978**	**168,481**	**-3,646**	**164,835**
of which actuarial gains and losses on retirement benefits					-181	-181	-132	-313
of which currency transaction gains and losses					-2,181	-2,181	-4,976	-7,157
of which effective portion of gains or losses on hedging instruments					79	79	84	163
of which change in the value of operating assets held in investments					5,261	5,261		5,261
of which net income (loss)				165,503		165,503	1,378	166,881
Variation in scope and exchange rates				858		858	-70,838	-69,980
Shared-based payments				4,186		4,186		4,186
Position at 31 December 2020	**283,633**	**4,140,277**	**-19,651**	**4,189,841**	**-11,898**	**8,582,202**	**3,985,956**	**12,568,157**
Dividends distribution		-20,180		-319,392		-339,572	-82,029	-421,601
Capital increase	105	-105				0		0
Allocation to the legal reserve						0		0
Other			3,543	-1,597		1,946	47	1,993
Total comprehensive income for the period				**466,859**	**5,980**	**472,839**	**170,542**	**643,381**
of which actuarial gains and losses on retirement benefits						0		0
of which currency transaction gains and losses					4,614	4,614	6,005	10,619
of which effective portion of gains or losses on hedging instruments					1,366	1,366	1,313	2,679
of which change in the value of operating assets held in investments						0		0
of which net income (loss)				466,859		466,859	163,224	630,083
Variation in scope and exchange rates				-6,485		-6,485	204,759	198,274
Shared-based payments				3,898		3,898		3,898
POSITION AT 30 JUNE 2021	**283,738**	**4,119,992**	**-16,108**	**4,333,124**	**-5,918**	**8,714,828**	**4,279,275**	**12,994,103**

2.1.5 Statement of cash flows

(In € thousand)	Note	30/06/2021	31/12/2020	30/06/2020
Net consolidated result (including minority interests)		**630,085**	**392,255**	**225,373**
Net depreciation and amortisation charges and provisions (excluding those related to current assets)	2.2.6.2.5	34,471	95,905	33,537
Unrealised gains and losses relating to changes in fair value	2.2.5.11.5 & 2.2.6.4	-498,201	-12,695	-66,255
Income and expenses calculated on stock options and related share-based payments		4,278	6,632	2,150
Other calculated income and expenses		1,648	-14,428	-13,355
Gains or losses on disposals		-10,560	-9,535	4,485
Share of income from companies accounted for under the equity method		-11,103	-189	5,639
Cash flow after tax and cost of net financial debt		**150,618**	**457,945**	**191,574**
Cost of net financial debt and interest charges on rental liabilities	2.2.6.7 & 2.2.6.8	76,916	171,866	86,063
Income tax expense (including deferred taxes)	2.2.6.9.2	119,415	43,378	43,183
Cash flow before tax and cost of net financial debt		**346,949**	**673,189**	**320,820**
Taxes paid		-3,473	-39,164	-26,905
Change in working capital requirements on continuing operations (including employee benefits liabilities)	2.2.5.7.2	-14,365	-133,333	-101,967
Net cash flow from operating activities		**329,111**	**500,692**	**191,948**
Impact of changes in the scope	2.2.6.6	-17,983	-726,956	-620,377
Disbursements related to acquisition of tangible and intangible fixed assets	2.2.5.1.2	-308,698	-631,327	-230,091
Proceeds relating to the disposal of tangible and intangible fixed assets	2.2.5.1.2	354,419	689,667	254,767
Disbursements relating to acquisition of financial assets (non-consolidated securities)		-1,700	-336	-240
Proceeds relating to the disposal of financial assets (non-consolidated securities)		2,643	92	4
Dividends received (companies accounted for under the equity method, non-consolidated securities)		8,238	12,770	8,967
Change in loans and advances granted		-4	-875	-2,658
Other cash flow from investment activities		-151	-193	307
Net cash flow from investing activities		**36,764**	**-657,157**	**-589,321**
Impact of changes in the scope		-365	-5,688	-4,291
Amounts received from shareholders in connection with capital increases:				
paid by parent company shareholders		0	0	-180
paid by minority shareholders of consolidated companies	2.1.4	199,868	-16,941	-17,332
purchases and sales of treasury shares		1,992	-9,878	-11,506
Dividends paid during the reporting period:				
dividends paid to parent company shareholders	2.1.4	-339,572	-74,065	-74,065
dividends paid to non-controlling interests of consolidated companies	2.1.4	-82,029	-83,114	-53,892
Proceeds related to new borrowings	2.2.5.11.2	534,208	2,025,443	1,611,686
Repayments of borrowings (including finance lease agreements)	2.2.5.11.2	-835,607	-1,499,998	-1,232,566
Net interest paid (including finance lease agreements)		-92,897	-167,279	-93,254
Other cash flow from financing activities		-17,578	-60,107	-55,919
Net cash flow from financing activities		**-631,980**	**108,374**	**68,681**
Impact of changes in the exchange rate		334	-657	-830
CHANGE IN NET CASH		**-265,771**	**-48,749**	**-329,522**
Opening cash position		1,232,472	1,281,221	1,281,221
Closing cash position		966,702	1,232,472	951,700
NET VARIATION OF CASH-FLOW		**-265,771**	**-48,749**	**-329,522**

2.2 Notes to the condensed consolidated financial statements

2.2.1 General principles

2.2.1.1 Accounting standards

The condensed consolidated financial statements of the Covivio group at 30 June 2021 were prepared in accordance with the international accounting standards and interpretations issued by the International Accounting Standards Board (IASB) and adopted by the European Union as of the preparation date. These standards include the IFRS (International Financial Reporting Standards) and their interpretations.

The financial statements were approved by the Board of Directors on 21 July 2021.

Accounting principles and methods used

The accounting principles applied for the condensed consolidated financial statements as at 30 June 2021 are identical to those used for the consolidated financial statements as at 31 December 2020, except for new standards and amendments whose application was mandatory on or after 1 January 2021 and which were not applied early by the Group.

The following amendments, which are mandatory as of 1 January 2021, did not have any impact on the Group's consolidated financial statements:

- amendments to IFRS 4 "Insurance contracts – provisional exemption from application of IFRS 9", adopted by the European Union on 15 December 2020. The deferred application is extended until the financial years beginning before 1 January 2023
- amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "in relation to the reform of interbank benchmark rates – phase 2", adopted by the European Union on 13 January 2021. These amendments specify the accounting treatment to be applied when replacing an old benchmark interest rate with a new benchmark in a given contract, as well as the impact of this change on the hedging relationships affected by the reform.

  The main indices used by the Group and affected by the reform are the Euribor and the Libor GBP (respectively replaced by the hybrid Euribor and the SONIA by 2022). Work has been initiated with the main banking partners to ensure the transition to the new benchmarks. The interest rate hedging instruments affected by the reform are presented in section 2.2.5.11.5 "Derivatives". The application of these amendments has no impact at June 30th 2021 givent the absence of effective reference index at this date.

New standards awaiting adoption by the European Union, for which application is possible as of 1 January 2021, but which have not been early adopted by the Group:

- amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture", published on 11 September 2014
- amendments to IAS 37 "Onerous Contracts-Cost of Fulfilling a Contract", published on 14 May 2020; the effective date is 1 January 2022 according to the IASB. These amendments standardise practices in terms of identifying and measuring provisions for onerous contracts, in particular with regard to losses on completion recognised on contracts concluded with customers pursuant to IFRS 15
- amendments to IFRS 16 "Reductions in rents related to Covid-19 beyond 30 June 2021", published on 31 March 2021. This amendment offers lessees, and only lessees, exemption from assessing whether Covid-19-related rent concessions are lease modifications. This practical exemption enables tenants to account for Covid-19 related rent concessions as if they are not lease modifications, and to recognise the impact of rent concessions in net income for the period.

IFRS standards and amendments published by the IASB not authorised for financial years beginning on or after 1 January 2021, with no impact on the financial statements:

- IFRS 17 and "Insurance Contracts" amendments, published on 18 May 2017 and 25 June 2020. According to the IASB, the amendments will come into force on 1 January 2023. IFRS 17 lays out the principles as to the recognition, valuation, presentation, and disclosures concerning insurance contracts within the scope of application of the standard
- amendments to IAS 1 "Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current", published on 23 January 2020 and 15 July 2020; the effective date is 1 January 2023 according to the IASB
- amendments to IAS 1 "Presentation of Financial Statements – Practice Statement 2 – Disclosure of Accounting Policies", published on 12 February 2021; the effective date is 1 January 2023 according to the IASB. The purpose of these amendments is to help companies identify useful information on accounting methods for users of financial statements
- amendments to IAS 16 "Property, Plant and Equipment – Proceeds before Intended Use", published on 14 May 2020; the effective date is 1 January 2022 according to the IASB
- amendments to IFRS 3 "Reference to the Conceptual Framework", published on 14 May 2020; the effective date is 1 January 2022 according to the IASB
- annual improvements (2018-2020 cycle) "Annual Improvements to IFRSs 2018-2020 Cycle", published on 14 May 2020; the effective date is 1 January 2022 according to the IASB
- amendments to IAS 8 "Definition of accounting estimates", published on 12 February 2021; the effective date is 1 January 2023 according to the IASB. These amendments aim to facilitate the distinction between accounting methods and accounting estimates
- amendments to IAS 12 "Deferred tax related to assets and liabilities arising from the same transaction", published on 7 May 2021; the effective date is 1 January 2023 according to the IASB. This amendment specifies how entities must account for deferred taxes on transactions such as leases and decommissioning obligations.

2.2.1.2 Estimates and judgements

The financial statements have been prepared in accordance with the historic cost convention, with the exception of investment properties and certain financial instruments, which were recognised in accordance with the fair value convention. In accordance with the conceptual framework for IFRS, preparation of the financial statements requires making estimates and using assumptions that affect the amounts shown in these financial statements.

The significant estimates made by the Covivio group in preparing the financial statements mainly relate to:

- the valuations used for testing impairment, in particular assessing the recoverable value of goodwill and intangible fixed assets
- measurement of the fair value of investment properties
- assessment of the fair value of derivative financial instruments
- measurement of provisions.

Due to the uncertainties inherent in any valuation process, the Covivio group reviews its estimates based on regularly updated information. The future results of the transactions in question may differ from these estimates.

In addition to the use of estimates, Group management makes use of judgements to define the appropriate accounting treatment of certain business activities and transactions when the IFRS standards and interpretations in effect do not precisely address the accounting issues involved.

2.2.1.3 IFRS 7 – Reference table

Liquidity risk	§ 2.2.2.2
Sensitivity of financial expenses	§ 2.2.2.3
Credit risk	§ 2.2.2.4
Market risk	§ 2.2.2.6
Foreign exchange risk	§ 2.2.2.7
Sensitivity of the fair value of investment properties	§ 2.2.5.1.3
Covenants	§ 2.2.5.11.7

2.2.2 Financial risk management

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

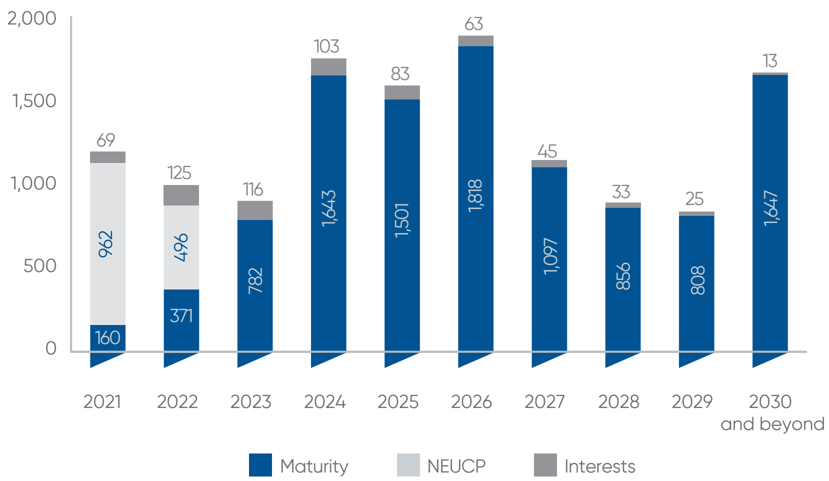
2.2.2.1 Marketing risk for properties under development

The Group is involved in property development. As such, it is exposed to a number of different risks, particularly risks associated with construction costs, completion delays and the marketing of properties. These risks can be assessed in light of the schedule of properties under development (see § 2.2.5.1.4).

2.2.2.2 Liquidity risk

Liquidity risk is managed in the medium and long term with multi-year cash management plans and, in the short term, by using confirmed and undrawn lines of credit. At 30 June 2021, the Covivio group's available cash and cash equivalents amounted to €2,716 million, including €1,437 million in confirmed credit lines, €1,118 million in cash and cash equivalents and €161 million in unused overdraft facilities.

The graph below summarises the maturities of borrowings (in € M) existing as at 30 June 2021:



The maturities in the graph above for 2021 include €1,458.4 million NEU Commercial Paper and NEU MTN.

The amount of interest payable until the maturity of the debt, estimated on the basis of the outstanding amount at 30 June 2021 and the average interest rate on the debt, totalled €674 million.

Details of the debt maturities are provided in note 2.2.5.11.3, and a description of the banking covenants and accelerated payment clauses included in the loan agreements is presented in note 2.2.5.11.7.

In the first half of 2021, Covivio raised or renegotiated €265 million of long-term financing: €165 million for the refinancing of the Dassault Systèmes campus in Vélizy and €100 million for a 12-year Green Private Placement under the new EMTN programme.

Covivio Hotels secured a long-term financing of €150 million to refinance the Verdi portfolio.

In Germany, Covivio Immobilien SE raised, secured, or renegotiated €288 million in loans with average terms of approximately 8.7 years.

2.2.2.3 Interest rate risk

The Group's exposure to the risk of changes in market interest rates is linked to its floating rate and long-term financial debt.

To the extent possible, bank debt is primarily hedged *via* financial instruments (see § 2.2.5.11.5). At 30 June 2021, after taking interest rate swaps into account, approximately 75% of the Group's debt was hedged, and the bulk of the remainder was covered by interest rate caps, which resulted in the following sensitivity to changes in interest rates:

- The impact of a 100 bps rate increase as at 30 June 2021 is a loss of -€14,923 thousand on the cost of 2021 Group Share of net financial debt
- The impact of a 50 bps rate increase as at 30 June 2021 is a loss of -€7,116 thousand on the cost of 2021 Group Share of net financial debt
- The impact of a 50 bps rate reduction as at 30 June 2021 is an increase of +€6,648 thousand on the cost of the 2021 Group Share of net financial debt.

2.2.2.4 Financial counterparty risk

Given the Covivio group's contractual relationships with its financial partners, the company is exposed to counterparty risk. If any of its counterparties is not in a position to honour its commitments, the Group's income could suffer an adverse effect.

This risk primarily involves the hedging instruments subscribed by the Group and which would have to be replaced by a hedging transaction at the current market rate in the event of a default by the counterparty.

The counterparty risk is limited by the fact that Covivio group is a borrower, from a structural standpoint. The risk is therefore mainly restricted to the investments made by the Group and to its counterparties in derivative product transactions. The company continually monitors its exposure to financial counterparty risk. The company's policy is to deal only with top-tier counterparties, while diversifying its financial partners and its sources of funding.

The counterparty risk in terms of hedging is included in the valuation of IFTs and amounted to €3,178 thousand at 30 June 2021.

2.2.2.5 Leasing counterparty risk

Covivio group's rental income is subject to a certain degree of concentration, to the extent that the principal tenants (Orange, Telecom Italia, Suez, AccorHotels, IHG, NH, B&B, etc.) generate approximately 33% of annual rental income.

Covivio group is not significantly exposed to the risk of insolvency, since its tenants are selected based on their creditworthiness and the economic prospects of their market segments. The operating and financial performance of the main tenants is regularly reviewed. In addition, tenants grant the Group financial guarantees when leases are signed.

Following the Covid-19 pandemic, hotel closures and the deterioration in the operational performance of hotels that remained in operation may have led to a lack of rents or late payments. Covivio, a long-term partner of its main tenants, continued its policy of implementing solutions enabling them to weather the crisis.

The Group recorded an increase in gross trade receivables of €69.4 million over the period, mainly in the Hotels sector in Europe (+€61.6 million). This increase is mainly due to receivables from the 1st unpaid half-year of the portfolio in the United Kingdom for €31 million (to be compared with the assets to be established for the financial years 2020 and 2021 for an amount of €71 million in the liabilities) and to the granting of new deferred payments for €12 million. However, given the financial strength of our tenants, the amount of impairment of trade receivables remained stable at €50 million compared to 31 December 2020.

2.2.2.6 Risks related to changes in the value of the portfolio

Changes in the fair value of investment properties are recognised in the income statement. Changes in property values can thus have a material impact on the operating performance of the Group.

In addition, part of the company's operating income is generated by the sales plan, the income of which is equally dependent on property values and on the volume of possible transactions.

Rentals and property values are cyclical in nature, the duration of the cycles being variable but generally long-term. Different domestic markets have differing cycles that vary from each other in relation to specific economic and market conditions. Within each national market, prices also follow the cycle in different ways and with varying degrees of intensity, depending on the location and category of the assets.

Regulatory environment in Berlin

On 23 February 2020, a law came into force providing for a rent cap in Berlin.

This law consists of a 5-year freeze on rents and the introduction of a cap based on criteria of location, the age of buildings and the standard of apartments. This new regulation was invalidated by the German Federal Court in April 2021. The cancellation of this law had a positive effect on the appraisal value of the assets located in Berlin (readjustment of rents to market value) and an impact of +€3.5 million on rental income for the half-year.

The macroeconomic factors that have the greatest influence on property values and determine the various cyclical trends include the following:

- interest rates
- the market liquidity and the availability of other profitable alternative investments
- economic growth
- the outlook for revenue growth.

Low interest rates, abundant liquidity on the market and a lack of profitable alternative investments generally lead to an increase in property asset values.

Economic growth generally increases demand for leased space and paves the way for rent levels to rise, particularly in offices. These two consequences lead to an increase in the price of real estate assets. Nevertheless, in the medium term, economic growth generally leads to an increase in inflation and then an increase in interest rates, expanding the availability of profitable alternative investments. Such factors exert downward pressure on property values.

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

- have long-term leases and high quality tenants, which soften the impact of a reduction in market rental income and the resulting decline in real estate prices
- are located in major city centres
- have low vacancy rates, in order to avoid the risk of having to re-let vacant space in an environment where demand may be limited.

The holding of real estate assets intended for leasing exposes the Covivio group to the risk of fluctuation in the value of real estate assets and lease payments.

Despite the uncertainty created by the economic downturn, this exposure is limited to the extent that the rentals invoiced are derived from rental agreements, the term and diversification of which mitigate the effects of fluctuations in the rental market.

The sensitivity of the fair value of investment properties to changes in capitalisation rates is analysed in 2.2.5.1.3.

2.2.2.7 Exchange rate risk

The Group operates both in and outside the euro zone following acquisition of the hotel properties in the United Kingdom, Poland, Hungary, and the Czech Republic. The Group wanted to hedge against certain currency fluctuations (GBP) by financing part of the acquisitions through a foreign currency loan and a currency swap.

Impact of a decrease in the GBP/EUR exchange rate on the shareholders' equity

	30/06/2021 (£M)	Actual increase of GBP/EUR exchange rate of 5.6%	5% decrease in GBP/EUR exchange rate (in €M)	10% decrease in GBP/EUR exchange rate (in €M)
Portfolio	662	43.1	-34.3	-70.7
Debt	400	-24.8	22.0	44.0
Cross currency swap	250	-15.5	13.7	27.5
IMPACT ON SHAREHOLDERS' EQUITY		**2.8**	**1.4**	**0.8**

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

2.2.2.8 Risks related to changes in the value of shares and bonds

The Group is exposed to risks for two classes of shares (see § 2.2.5.2.2).

This risk primarily involves listed securities in companies consolidated according to the equity method, which are valued according to their value in use. Value in use is determined based on independent assessments of the real estate assets and financial instruments.

Furthermore, Covivio issued a convertible bond (ORNANE type) valued at each reporting date, proposals for corrections regarding by distinguishing a financial debt at amortised cost and a derivative component measured at fair value through profit or loss. The fair value corresponds to the bond's closing price, exposing the Group to changes in the bond's value. The ORNANE Italy maturing in 2021 was redeemed in February 2021 (see note 2.2.5.11.4).

2.2.2.9 Tax environment

2.2.2.9.1 Change by country

- The French tax environment has undergone changes relating to the corporate income tax rate, which has been reduced to 26.5% from 1 January 2021 (*versus* 28% as at 1 January 2020). The rate will be 25% from 1 January 2022.
- The Group has not observed any significant change in the Italian tax environment.
- In the case of Germany, a reform, effective from 1 July 2021, amends the rules on the payment of registration fees ("real estate transfer tax", "RETT") in the event of acquisition of shares in companies. The main effect of this reform is to change the holding rate at which the RETT becomes payable, from 95% to 90%.

2.2.2.9.2 Tax risks

Due to the complexity and bureaucracy characteristic of the environment in which the Covivio group operates, the Group is exposed to tax risks. If our counsel believes that an adjustment presents a risk of reassessment, a provision is made. The list of the main ongoing proceedings includes the following:

- Tax audits of German Residential

Covivio Immobilien and some of its "Residential" subsidiaries were subject to a tax audit for fiscal years 2014 to 2019.

The tax authorities issued proposals for adjustments to corporate income tax in the amount of €10.9 million in principal and €2.6 million in default interest. Provisions are made for this risk in full in the financial statements at 30 June 2021 (increase in the provision of €0.3 million compared to 31 December 2020 following the update of late payment interest)

- Corporate tax audits Germany Offices

Two audits are currently underway on companies holding office assets in Germany for the years 2019 and 2020. Until now, the tax administration has retained a VAT lag of €0.1 million between 2019 and 2020

- Covivio Hotels/Hotels under lease – Belgium

Two companies in the Sunparks scope were subject to tax audits in the years 2017 and 2018. During these two financial years, Foncière Vielsam sold all of these cottages and the long-term lease of the Sunparks complex. Adjustment notices were received with regard to transfer pricing relating to intra-group interest rates, generating a loss of losses of €1.5 million and a corporate tax impact of €78 thousand. These adjustments are disputed and are not provisioned at 30 June 2021

- Tax audits on Beni Stabili, which merged with Covivio

Tax dispute Comit Fund – Beni Stabili:

On 17 April 2012, following a court decision, the Italian tax administration refunded the debt borne by Beni Stabili for the Comit Fund dispute (principal: €58.2 million and interest: €2.3 million). In April 2012, the Tax Administration appealed this decision. The Court of Appeal ruled in favour of the tax authorities on 18 December 2015.

The dispute with the tax authorities was settled with the payment of €55 million. The €56.2 million provision recorded in 2015 was reversed as at 31 December 2016.

However, Comit Fund and Beni Stabili had not entered into a joint agreement to definitively agree that they each will pay an equal share of this adjustment. Civil arbitration proceedings taken by Comit Fund confirmed that each party accepts to pay 50% of the cost of the dispute, in accordance with the payments made. In January 2019, Comit Fund appealed against the arbitration decision bringing the dispute to an end. In March 2020, the Court of Appeal confirmed the decision, Comit Fund is contesting this verdict and has filed an appeal with the Supreme Court. On the basis of the analysis of our advisors, no provision was entered at 30 June 2021.

2.2.2.9.3 Deferred Taxation

A significant percentage of the Group's real estate companies have opted for the SIIC regime in France. The impact of deferred tax liabilities is therefore essentially present in German Residential, German Offices and Italy Offices. It is also linked to investments in Hotels in Europe (Germany, Spain, Belgium, Ireland, Netherlands, Portugal, the United Kingdom, Poland, Hungary and Czech Republic). In the case of Spain, all Spanish companies have opted for the SOCIMI regime exemption. However, there are deferred tax liabilities related to assets held by the companies prior to opting for SOCIMI treatment.

The deferred tax is mainly due to the recognition of the portfolio's fair value (German rate: 15,825%, French rate: 25.83%, Italian rate: 20%). Please note that the hotel management businesses are taxed at a rate of between 30.18% and 32.28% in Germany and that deferred tax liabilities for this business have also been recognised at this rate.

2.2.3 Scope of consolidation

2.2.3.1 Accounting principles applicable to the scope of consolidation

Consolidated subsidiaries and structured entities – IFRS 10

These financial statements include the financial statements of Covivio and the financial statements of the entities (including structured entities) that it controls and its subsidiaries.

Covivio group has control when it:

- has power over the issuing entity
- is exposed or is entitled to variable returns due to its ties with the issuing entity
- has the ability to exercise its power in such as manner as to affect the amount of returns that it receives.

Covivio group must reassess whether it controls the issuing entity when facts and circumstances indicate that one or more of the three factors of control listed above have changed.

A structured entity is an entity structured in such a way that the voting rights or similar rights do not represent the determining factor in establishing control of the entity; this is particularly the case when the voting rights only involve administrative tasks and the relevant business activities are governed by contractual agreements.

If the Group does not hold a majority of the voting rights in an issuing entity in order to determine the power exercised over an entity, it analyses whether it has sufficient rights to unilaterally manage the issuing entity's relevant business activities. The Group takes into consideration any facts and circumstances when it evaluates whether the voting rights that it holds in the issuing entity are sufficient to confer power to the Group, including the following:

- the number of voting rights that the Group holds compared to the number of rights held respectively by the other holders of voting rights and their distribution
- the potential voting rights held by the Group, other holders of voting rights or other parties
- the rights under other contractual agreements
- the other facts and circumstances, where applicable, which indicate that the Group has or does not have the actual ability to manage relevant business activities at the moment when decisions must be made, including voting patterns during previous Shareholders' Meetings.

Subsidiaries and structured entities are fully consolidated.

Equity affiliates – IAS 28

An equity affiliate is an entity in which the Group has significant control. Significant control is the power to participate in decisions relating to the financial and operational policy of an issuing entity without, however, exercising control or joint control on these policies.

The results and the assets and liabilities of equity affiliates are recognised in these consolidated financial statements according to the equity method.

Partnerships (joint control) – IFRS 11

Joint control means the contractual agreement to share the control exercised over a company, which only exists in the event where the decisions concerning relevant business activities require the unanimous consent of the parties sharing the control.

Joint ventures

A joint venture is a partnership in which the parties which exercise joint control over the entity have rights to its net assets.

The results and the assets and liabilities of joint ventures are recognised in these consolidated financial statements according to the equity method.

Joint operations

A joint operation is a partnership in which the parties exercising joint control over the operation have rights to the assets, and obligations for the liabilities relating to it. Those parties are called joint operators.

A joint operator must recognise the following items relating to its interest in the joint operation:

- its assets, including its proportionate share of assets held jointly, where applicable
- its liabilities, including its proportionate share of liabilities undertaken jointly, where applicable
- the income that it derived from the sale of its proportionate share in the yield generated by the joint operation
- its proportionate share of income from the sale of the yield generated by the joint operation
- the expenses that it has committed, including its proportionate share of expenses committed jointly, where applicable.

The joint operator accounts for the assets, liabilities, income, and expenses pertaining to its interests in a joint operation in accordance with the IFRS that apply to these assets, liabilities, income and expenses.

No Group company is considered to constitute a joint operation.

2.2.3.2 Change in holding and/or in consolidation method

Share of the Alexanderplatz building with Covéa and Generali Vie – Impact rate of ownership

A partnership agreement was signed in June 2021 between Covivio, Covéa and Generali Vie to share the Alexanderplatz asset in Berlin. Covivio retains 55% of the share capital and continues to fully integrate Covivio Alexanderplatz Sarl.

2.2.3.3 List of consolidated companies

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

97 companies in the France Offices segment	Country	Consolidation method in 2021	% held in 2021	% held in 2020
Covivio	**France**	**Parent company**		
Covivio Ravinelle	France	FC	100.00	100.00
SCI Fédérimmo	France	FC	60.00	60.00
EURL Fédération	France	FC	100.00	100.00
SARL Foncière Margaux	France	FC	100.00	100.00
Covivio 2	France	FC	100.00	100.00
Covivio 4	France	FC	75.00	75.00
Euromarseille 1	France	EM/JV	50.00	50.00
Euromarseille 2	France	EM/JV	50.00	50.00
Euromarseille BI	France	EM/JV	50.00	50.00
Euromarseille PK	France	EM/JV	50.00	50.00
Euromarseille Invest	France	EM/JV	50.00	50.00
Euromarseille H	France	EM/JV	50.00	50.00
Covivio 7	France	FC	100.00	100.00
SCI Bureaux Cœur d'Orly	France	EM/JV	50.00	50.00
SAS Cœur d'Orly Promotion	France	EM/JV	50.00	50.00
Technical	France	FC	100.00	100.00
Le Ponant 1986	France	FC	100.00	100.00
SCI Atlantis	France	FC	100.00	100.00
Iméfa 127	France	FC	100.00	100.00
SNC Latécoère	France	FC	50.10	50.10
SCI du 32, avenue P.-Grenier	France	FC	100.00	100.00
SCI du 40, rue J.-J.-Rousseau	France	FC	100.00	100.00
SCI du 3, place A.-Chaussy	France	FC	100.00	100.00
SARL BGA Transactions	France	FC	100.00	100.00
SCI du 288, rue Duguesclin	France	FC	100.00	100.00
SCI du 9, rue des Cuirassiers	France	FC	50.10	50.10
SCI du 15, rue des Cuirassiers	France	FC	50.10	50.10
SCI du 10 B et 11 A 13, allée des Tanneurs	France	FC	100.00	100.00
SCI 1, rue de Châteaudun	France	FC	100.00	100.00

97 companies in the France Offices segment	Country	Consolidation method in 2021	% held in 2021	% held in 2020
SCI du 1630, avenue de la Croix Rouge	France	FC	100.00	100.00
SCI du 125, avenue du Brancolar	France	FC	100.00	100.00
SARL du 106-110, rue des Troènes	France	FC	100.00	100.00
SCI du 2, rue de L'Ill	France	FC	100.00	100.00
SCI du 20, avenue Victor-Hugo	France	FC	100.00	100.00
SARL du 2, rue Saint-Charles	France	FC	100.00	100.00
Palmer Plage SNC	France	FC	100.00	100.00
Dual Center	France	FC	100.00	100.00
SNC Télimob Paris	France	FC	100.00	100.00
SNC Télimob Nord	France	FC	100.00	100.00
SNC Télimob Rhone-Alpes	France	FC	100.00	100.00
SNC Télimob Sud-Ouest	France	FC	100.00	100.00
SNC Télimob Est	France	FC	100.00	100.00
SNC Télimob Paca	France	FC	100.00	100.00
SNC Télimob Ouest	France	FC	100.00	100.00
SARL Télimob Paris	France	FC	100.00	100.00
Pompidou	France	FC	100.00	100.00
11, place de l'Europe	France	FC	50.09	50.09
OPCI Office CB 21	France	FC	75.00	75.00
Lenovilla	France	EM/JV	50.10	50.10
Lenopromo	France	FC	100.00	100.00
SCI Latécoère 2	France	FC	50.10	50.10
Meudon Saulnier	France	FC	100.00	100.00
Charenton	France	FC	100.00	100.00
Latepromo	France	FC	100.00	100.00
SNC Promomurs	France	FC	100.00	100.00
FDR Participation	France	FC	100.00	100.00
SCI Avenue de la Marne	France	FC	100.00	100.00
Omega B	France	FC	100.00	100.00
SCI Rueil B2	France	FC	100.00	100.00
SCI Factor E	France	EM/EA	34.69	34.69
SCI Orianz	France	EM/EA	34.69	34.69
Wellio	France	FC	100.00	100.00
Le Clos de Chanteloup	France	FC	100.00	100.00
Bordeaux Lac	France	FC	100.00	100.00
Sully Chartres	France	FC	100.00	100.00
Sucy Parc	France	FC	100.00	100.00
Gambetta Le Raincy	France	FC	100.00	100.00
Orly Promo	France	FC	100.00	100.00
Silex Promo	France	FC	100.00	100.00
21, Rue Jean-Goujon	France	FC	100.00	100.00
Villouvette Saint-Germain	France	FC	100.00	100.00
La Mérina Fréjus	France	FC	100.00	100.00
Normandie Niemen Bobigny	France	FC	100.00	100.00
Le Printemps Sartrouville	France	FC	100.00	100.00
Gaugin St-Ouen-L'Aumône	France	FC	100.00	100.00
Cité Numérique	France	FC	100.00	100.00
Danton Malakoff	France	FC	100.00	100.00
Meudon Bellevue	France	FC	100.00	100.00
N2 Batignolles	France	FC	50.00	50.00

97 companies in the France Offices segment	Country	Consolidation method in 2021	% held in 2021	% held in 2020
Tours Coty	France	FC	100.00	100.00
Valence Victor Hugo	France	FC	100.00	100.00
Nantes Talensac	France	FC	100.00	100.00
Marignane Saint-Pierre	France	FC	100.00	100.00
N2 Batignolles Promo	France	FC	50.00	50.00
6, rue Fructidor	France	FC	50.10	50.10
Fructipromo	France	FC	100.00	100.00
Jean Jacques Bosc	France	FC	100.00	100.00
Terres Neuves	France	FC	100.00	100.00
André Lavignolle	France	FC	100.00	100.00
SCCV Chartres avenue de Sully	France	FC	100.00	100.00
SCI de la Louisiane	France	FC	100.00	100.00
SCCV Bobigny Le 9e Art	France	FC	60.00	60.00
SCCV Fontenay-sous-Bois Rabelais	France	FC	50.00	50.00
Saint-Germain Hennemont	France	FC	100.00	100.00
Antony Avenue de Gaulle	France	FC	100.00	100.00
Aix en Provence Cézanne	France	FC	100.00	100.00
Euromarseille BH	France	Merger		50.00

The registered office of the parent company Covivio is located at 18, avenue François-Mitterrand – 57000 Metz. The other fully consolidated subsidiaries in the France Offices segment have their registered office located at 8 and 30, avenue Kléber – 75116 Paris.

15 Companies in the Italy Offices segment	Country	Consolidation method in 2021	% held in 2021	% held in 2020
Covivio 7 SpA	Italy	FC	100.00	100.00
Central Società di Investimento per Azioni a capitalo fisso Central Sicaf SpA	Italy	FC	51.00	51.00
RGD Gestioni Srl	Italy	FC	100.00	100.00
Real Estate Roma Olgiata Srl	Italy	FC	75.00	75.00
Covivio Immobiliare 9 SINQ SpA	Italy	FC	100.00	100.00
Covivio Projects & Innovation	Italy	FC	100.00	100.00
Wellio Italy	Italy	FC	100.00	100.00
Imser Securitisation Srl	Italy	FC	100.00	100.00
Imser Securitisation 2 Srl	Italy	FC	100.00	100.00
RESolution Tech	Italy	EM	30.00	30.00
Attivita Commerciali Beinasco Srl	Italy	FC	100.00	100.00
Covivio Attività Immobiliari 2 Srl	Italy	FC	100.00	100.00
Covivio Attività Immobiliari 3 Srl	Italy	FC	100.00	100.00
Covivio Development Italy SpA	Italy	FC	100.00	100.00
Covivio Attività Immobiliari 4 Srl	Italy	FC	100.00	100.00
Investire SpA SGR	Italy	Dipsosed of	-	17.90

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

174 companies Hotels in Europe segment	Country	Consolidation method in 2021	% held in 2021	% held in 2020
SCA Covivio Hotels (parent company) 100% controlled	**France**	**FC**	**43.46**	**43.46**
SARL Loire	France	FC	43.46	43.46
Ruhl Côte d'Azur	France	FC	43.46	43.46
Foncière Otello	France	FC	43.46	43.46
Hôtel René Clair	France	FC	43.46	43.46
Ulysse Belgique	Belgium	FC	43.46	43.46
Ulysse Trefonds	Belgium	FC	43.46	43.46
Foncière No Bruxelles Grand Place	Belgium	FC	43.46	43.46
Foncière No Bruxelles Aéroport	Belgium	FC	43.46	43.46
Foncière No Bruges Centre	Belgium	FC	43.46	43.46
Foncière Gand Centre	Belgium	FC	43.46	43.46
Foncière Gand Opéra	Belgium	FC	43.46	43.46
Foncière IB Bruxelles Grand-Place	Belgium	FC	43.46	43.46
Foncière IB Bruxelles Aéroport	Belgium	FC	43.46	43.46
Foncière IB Bruges Centre	Belgium	FC	43.46	43.46
Foncière Antwerp Centre	Belgium	FC	43.46	43.46
Foncière Bruxelles Expo Atomium	Belgium	FC	43.46	43.46
Foncière Manon	France	FC	43.46	43.46
Murdelux	Luxembourg	FC	43.46	43.46
Portmurs	Portugal	FC	43.46	43.46
Sunparks Oostduinkerke	Belgium	FC	43.46	43.46
Foncière Vielsam	Belgium	FC	43.46	43.46
Sunparks Trefonds	Belgium	FC	43.46	43.46
Foncière Kempense Meren	Belgium	FC	43.46	43.46
Iris Holding France	France	EM/EA	8.65	8.65
Foncière Iris SAS	France	EM/EA	8.65	8.65
Sables d'Olonne SAS	France	EM/EA	8.65	8.65
OPCI Iris Invest 2010	France	EM/EA	8.65	8.65
Covivio Hotels Gestion Immobilière	France	FC	43.46	43.46
Tulipe Holding Belgique	Belgium	EM/EA	8.65	8.65
Iris Tréfonds	Belgium	EM/EA	8.65	8.65
Foncière Louvain Centre	Belgium	EM/EA	8.65	8.65
Foncière Liège	Belgium	EM/EA	8.65	8.65
Foncière Bruxelles Aéroport	Belgium	EM/EA	8.65	8.65
Foncière Bruxelles Sud	Belgium	EM/EA	8.65	8.65
Foncière Bruge Station	Belgium	EM/EA	8.65	8.65
Narcisse Holding Belgique	Belgium	EM/EA	8.65	8.65
Foncière Bruxelles Tour Noire	Belgium	EM/EA	8.65	8.65
Foncière Louvain	Belgium	EM/EA	8.65	8.65
Foncière Malines	Belgium	EM/EA	8.65	8.65
Foncière Bruxelles Centre Gare	Belgium	EM/EA	8.65	8.65
Foncière Namur	Belgium	EM/EA	8.65	8.65
Iris investor Holding GmbH	Germany	EM/EA	8.65	8.65
Iris General Partner GmbH	Germany	EM/EA	4.35	4.35
Iris Berlin GmbH	Germany	EM/EA	8.65	8.65
Iris Bochum & Essen	Germany	EM/EA	8.65	8.65
Iris Frankfurt GmbH	Germany	EM/EA	8.65	8.65
Iris Verwaltungs GmbH & co KG	Germany	EM/EA	8.65	8.65
Iris Nurnberg GmbH	Germany	EM/EA	8.65	8.65
Iris Stuttgart GmbH	Germany	EM/EA	8.65	8.65

174 companies Hotels in Europe segment	Country	Consolidation method in 2021	% held in 2021	% held in 2020
B&B Invest Lux 1	Germany	FC	43.46	43.46
B&B Invest Lux 2	Germany	FC	43.46	43.46
B&B Invest Lux 3	Germany	FC	43.46	43.46
Campeli	France	EM/EA	8.65	8.65
OPCI Camp Invest	France	EM/EA	8.65	8.65
Dahlia	France	EM/EA	8.69	8.69
Foncière B2 Hôtel Invest	France	FC	21.82	21.82
OPCI B2 Hôtel Invest	France	FC	21.82	21.82
Foncière B3 Hôtel Invest	France	FC	21.82	21.82
B&B Invest Lux 4	Germany	FC	43.46	43.46
NH Amsterdam Center Hotel HLD	Netherlands	FC	43.46	43.46
Hotel Amsterdam Centre Propco	Netherlands	FC	43.46	43.46
Mo Lux 1	Luxembourg	FC	43.46	43.46
LHM Holding Lux SARL	Luxembourg	FC	43.46	43.46
LHM ProCo Lux SARL	Germany	FC	45.29	45,28
SCI Rosace	France	FC	43.46	43.46
Mo Drelinden, Niederrad, Düsseldorf	Germany	FC	40.85	40.85
Mo Berlin	Germany	FC	40.85	40.85
Mo First Five	Germany	FC	42.57	42.57
Ringer	Germany	FC	43.46	43.46
B&B Invest Lux 5	Germany	FC	40.42	40.42
B&B Invest Lux 6	Germany	FC	40.42	40.42
SCI Hôtel Porte Dorée	France	FC	43.46	43.46
FDM M Lux	Luxembourg	FC	43.46	43.46
OPCO Rosace	France	FC	43.46	43.46
Exco Hôtel	Belgium	FC	43.46	43.46
Invest Hôtel	Belgium	FC	43.46	43.46
H Invest Lux	Luxembourg	FC	43.46	43.46
Hermitage Holdco	France	FC	43.46	43.46
Samoens SAS	France	FC	21.77	21.77
Foncière B4 Hôtel Invest	France	FC	21.82	21.82
B&B Invest Espagne SLU	Spain	FC	43.46	43.46
Rock-Lux	Luxembourg	FC	43.46	43.46
Société Liloise Investissement Immobilier Hôtelier SA	France	FC	43.46	43.46
Berlin I (Propco Westin Grand Berlin)	Germany	FC	41.24	41.24
Opco Grand Hôtel Berlin Betriebs (Westin berlin)	Germany	FC	41.24	41.24
Berlin II (Propco Park Inn Alexanderplatz)	Germany	FC	41.24	41.24
Opco Hôtel Stadt Berlin Betriebs (Park-Inn)	Germany	FC	41.24	41.24
Berlin III (Propco Mercure Potsdam)	Germany	FC	41.24	41.24
Opco Hôtel Potsdam Betriebs (Mercure Potsdam)	Germany	FC	41.24	41.24
Dresden II (Propco Ibis Hôtel Dresden)	Germany	FC	41.24	41.24
Dresden III (Propco Ibis Hôtel Dresden)	Germany	FC	41.24	41.24
Dresden IV (Propco Ibis Hôtel Dresden)	Germany	FC	41.24	41.24
Opco BKL Hotelbetriebsgesellschaft (Dresden II to IV)	Germany	FC	41.24	41.24
Dresden V (Propco Pullman Newa Dresden)	Germany	FC	41.24	41.24
Opco Hôtel Newa Dresden Betriebs (Pullman)	Germany	FC	41.24	41.24
Leipzig I (Propco Westin Leipzig)	Germany	FC	41.24	41.24
Opco HotelgesellschaftGeberst, Betriebs (Westin Leipzig)	Germany	FC	41.24	41.24
Leipzig II (Propco Radisson Blu Leipzig)	Germany	FC	41.24	41.24
Opco Hôtel Deutschland Leipzig Betriebs (Radisson Blu)	Germany	FC	41.24	41.24

174 companies Hotels in Europe segment	Country	Consolidation method in 2021	% held in 2021	% held in 2020
Erfurt I (Propco Radisson Blu Erfurt)	Germany	FC	41.24	41.24
Opco Hôtel Kosmos Erfurt (Radisson Blu)	Germany	FC	41.24	41.24
Airport Garden Hotel NV	Belgium	FC	43.46	43.46
Investment FDM Rocatiera	Spain	FC	43.46	43.46
Bardiomar	Spain	FC	43.46	43.46
Trade Center Hotel	Spain	FC	43.46	43.46
H Invest Lux 2	Luxembourg	FC	43.46	43.46
Constance	France	FC	43.46	43.46
Hotel Amsterdam Noord FDM	Netherlands	FC	43.46	43.46
Hotel Amersfoort FDM	Netherlands	FC	43.46	43.46
Constance Lux 1	Luxembourg	FC	43.46	43.46
Constance Lux 2	Luxembourg	FC	43.46	43.46
So Hospitality	France	FC	43.46	43.46
Nice-M	France	FC	43.46	43.46
Rock-Lux OPCO	Luxembourg	FC	43.46	43.46
Blythswood Square Hotel Holdco	United Kingdom	FC	43.46	43.46
George Hotel Investments Holdco	United Kingdom	FC	43.46	43.46
Grand Central Hotel company Holdco	United Kingdom	FC	43.46	43.46
Lagonda Leeds Holdco	United Kingdom	FC	43.46	43.46
Lagonda Palace Holdco	United Kingdom	FC	43.46	43.46
Lagonda Russell Holdco	United Kingdom	FC	43.46	43.46
Lagonda York Holdco	United Kingdom	FC	43.46	43.46
Oxford Spires Hotel Holdco	United Kingdom	FC	43.46	43.46
Oxford Thames Holdco	United Kingdom	FC	43.46	43.46
Roxburghe Investments Holdco	United Kingdom	FC	43.46	43.46
The St David's Hotel Cardiff Holdco	United Kingdom	FC	43.46	43.46
Wotton House Properties Holdco	United Kingdom	FC	43.46	43.46
Blythswood Square Hotel Glasgow	United Kingdom	FC	43.46	43.46
George Hotel Investments	United Kingdom	FC	43.46	43.46
Grand Central Hotel company	United Kingdom	FC	43.46	43.46
Lagonda Leeds PropCo	United Kingdom	FC	43.46	43.46
Lagonda Palace PropCo	United Kingdom	FC	43.46	43.46
Lagonda Russell PropCo	United Kingdom	FC	43.46	43.46
Lagonda York PropCo	United Kingdom	FC	43.46	43.46
Oxford Spires Ltd (Propco)	United Kingdom	FC	43.46	43.46
Oxford Thames Hotel Ltd (Propco)	United Kingdom	FC	43.46	43.46
Roxburghe Investments PropCo	United Kingdom	FC	43.46	43.46
The St David's Hotel Cardiff	United Kingdom	FC	43.46	43.46
Wotton House Properties	United Kingdom	FC	43.46	43.46
HEM Diesterlkade Amsterdam BV	Netherlands	FC	43.46	43.46
Dresden Dev	Luxembourg	FC	41.24	41.24
Delta Hotel Amersfoort	Netherlands	FC	43.46	43.46
Opci Oteli	France	EM/EA	13.54	13.54
Orient SAS financial lease	France	EM/EA	13.54	13.54
Express SAS financial lease	France	EM/EA	13.54	13.54
Kombon	France	EM/EA	14.49	14.49
Jouron	Belgium	EM/EA	14.49	14.49
Foncière Gand Cathédrale	Belgium	EM/EA	14.49	14.49
Foncière Bruxelles Sainte Catherine	Belgium	EM/EA	14.49	14.49
Foncière IGK	Belgium	EM/EA	14.49	14.49

174 companies Hotels in Europe segment	Country	Consolidation method in 2021	% held in 2021	% held in 2020
Forsmint Investments	Poland	FC	43.46	43.46
Cerstook Investments	Poland	FC	43.46	43.46
Noxwood Investments	Poland	FC	43.46	43.46
Redwen Investments	Poland	FC	43.46	43.46
Sardobal Investments	Poland	FC	43.46	43.46
Kilmainham Property Holding	Ireland	FC	43.46	43.46
Thommont Ltd	Ireland	FC	43.46	43.46
Honeypool	Ireland	FC	43.46	43.46
Ingrid Hotels	Italy	FC	43.46	43.46
Ingrid France Holding	France	FC	43.46	43.46
Verdun Propco	France	FC	43.46	43.46
SC CZECH AAD	Czech Republic	FC	43.46	43.46
New York Palace Propco	Hungary	FC	43.46	43.46
Hotel Plaza SAS	France	FC	43.46	43.46
Palazzo Naiadi Rome Propco	Italy	FC	43.46	43.46
Palazzo Gaddi Florence Propco	Italy	FC	43.46	43.46
Bellini Venice Propco	Italy	FC	43.46	43.46
Dei Dogi Venice Propco	Italy	FC	43.46	43.46
SLIH AD	France	FC	43.46	43.46
SLIH CP	France	FC	43.46	43.46
SLIH GHB	France	FC	43.46	43.46
SLIH HDB	France	FC	43.46	43.46
SLIH HG	France	FC	43.46	43.46
SLIH HIR	France	FC	43.46	43.46
Foncière Ulysse	France	Merger		43.46
Rosselini Holding	Luxembourg	Merged		43.46
Anitah Holding	Italy	Merged		43.46
Ingrid Holdco	Italy	Merged		43.46

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

140 companies German Residential segment	Country	Consolidation method in 2021	% held in 2021	% held in 2020
Covivio Immobilien SE (parent company) 100% controlled	**Germany**	**FC**	**61.70**	**61.70**
Lowenberger Strasse 2 4 Wohnenquartier	Germany	FC	65.57	
TSC 2 Holding Sàrl	Germany	FC	65.57	
TSC Berlin Alpha	Germany	FC	65.57	
TSC Berlin Beta	Germany	FC	65.57	
TSC Berlin Delta	Germany	FC	65.57	
TSC Berlin Gamma	Germany	FC	65.57	
TSC Berlin Zeta	Germany	FC	65.57	
TSC Berlin Eta	Germany	FC	65.57	
TSC Berlin Epsilon	Germany	FC	65.57	
Akragas Immobilien	Germany	FC	65.57	
TSC Berlin Theta	Germany	FC	65.57	
TSC Berlin Lota	Germany	FC	65.57	
TSC Berlin Kappa	Germany	FC	65.57	
TSC Berlin Lambda	Germany	FC	65.57	
TSC Berlin My	Germany	FC	65.57	
TSC Berlin XI	Germany	FC	65.57	
TSC Berlin Omicron	Germany	FC	65.57	

140 companies German Residential segment	Country	Consolidation method in 2021	% held in 2021	% held in 2020
TSC Berlin Rho	Germany	FC	65.57	
TSC Berlin Sigma	Germany	FC	65.57	
TSC Berlin Ypsilon	Germany	FC	65.57	
TSC Berlin Tau	Germany	FC	65.57	
Covivio Immobilien	Germany	FC	61.70	61.70
Covivio Lux Residential	Germany	FC	63.66	63.66
Covivio Valore 4	Germany	FC	63.74	63.74
Covivio Wohnen Verwaltungs	Germany	FC	61.70	61.70
Covivio Grundstücks	Germany	FC	61.70	61.70
Covivio Grundvermögen	Germany	FC	61.70	61.70
Covivio Wohnen Service	Germany	FC	61.70	61.70
Covivio SE & CO KG 1	Germany	FC	61.70	61.70
Covivio SE & CO KG 2	Germany	FC	61.70	61.70
Covivio SE & CO KG 3	Germany	FC	61.70	61.70
Covivio SE & CO KG 4	Germany	FC	61.70	61.70
Covivio Wohnen	Germany	FC	61.70	61.70
Covivio Gesellschaft für Wohnen Datteln	Germany	FC	64.00	64.00
Covivio Stadthaus	Germany	FC	64.00	64.00
Covivio Wohnbau	Germany	FC	67.83	67.83
Covivio Wohnungsgesellechaft GmbH Dümpten	Germany	FC	67.83	67.83
Covivio Berolinum 2	Germany	FC	63.66	63.66
Covivio Berolinum 3	Germany	FC	63.66	63.66
Covivio Berolinum 1	Germany	FC	63.66	63.66
Covivio Remscheid	Germany	FC	63.66	63.66
Covivio Valore 6	Germany	FC	63.74	63.74
Covivio Holding	Germany	FC	100.00	100.00
Covivio Immobilien Se & Co KG Residential	Germany	FC	61.70	61.70
Covivio Berlin 67 GmbH	Germany	FC	64.00	64.00
Covivio Berlin 78 GmbH	Germany	FC	64.00	64.00
Covivio Berlin 79 GmbH	Germany	FC	64.00	64.00
Covivio Dresden GmbH	Germany	FC	63.66	63.66
Covivio Berlin I SARL	Germany	FC	63.66	63.66
Covivio Berlin V SARL	Germany	FC	63,85	63,85
Covivio Berlin C GmbH	Germany	FC	63.66	63.66
Covivio Dansk Holding Aps	Denmark	FC	61.70	61.70
Covivio Dasnk L Aps	Germany	FC	63.66	63.66
Covivio Berlin Prime	Germany	FC	65.53	65.53
Berlin Prime Commercial	Germany	FC	63.66	63.66
Acopio	Germany	FC	100.00	100.00
Covivio Hamburg Holding ApS	Denmark	FC	65.57	65.57
Covivio Hamburg 1 ApS	Germany	FC	65.57	65.57
Covivio Hamburg 2 ApS	Germany	FC	65.57	65.57
Covivio Hamburg 3 ApS	Germany	FC	65.57	65.57
Covivio Hamburg 4 ApS	Germany	FC	65.57	65.57
Covivio Arian	Germany	FC	65.53	65.53
Covivio Bennet	Germany	FC	65.53	65.53
Covivio Marien-Carré	Germany	FC	65.57	65.57
Covivio Berlin IV ApS	Denmark	FC	61.70	61.70
Covivio Lux	Luxembourg	FC	100.00	100.00
Covivio Berolina Verwaltungs GmbH	Germany	FC	63.66	63.66

140 companies German Residential segment	Country	Consolidation method in 2021	% held in 2021	% held in 2020
Residenz Berolina GmbH & Co KG	Germany	FC	65.51	65.51
Covivio Quadrigua IV GmbH	Germany	FC	63.66	63.66
Real Property Versicherungsmakler	Germany	FC	61.70	61.70
Covivio Quadrigua 15	Germany	FC	65.51	65.51
Covivio Quadrigua 45	Germany	FC	65.51	65.51
Covivio Quadrigua 36	Germany	FC	65.51	65.51
Covivio Quadrigua 46	Germany	FC	65.51	65.51
Covivio Quadrigua 40	Germany	FC	65.51	65.51
Covivio Quadrigua 47	Germany	FC	65.51	65.51
Covivio Quadrigua 48	Germany	FC	65.51	65.51
Covivio Fischerinsel	Germany	FC	65.57	65.57
Covivio Berolina Fischenrinsel	Germany	FC	65.57	65.57
Covivio Berlin Home	Germany	FC	65.57	65.57
Amber Properties Sarl	Germany	FC	65.53	65.53
Covivio Gettmore	Luxembourg	FC	65.53	65.53
Saturn Properties Sarl	Germany	FC	65.53	65.53
Venus Properties Sarl	Germany	FC	65.53	65.53
Covivio Vinetree	Luxembourg	FC	65.53	65.53
Acopio Facility	Germany	FC	65.53	65.53
Covivio Development	Germany	FC	61.70	61.70
Covivio Rehbergen	Germany	FC	65.57	65.57
Covivio Handlesliegenschaften	Germany	FC	65.57	65.57
Covivio Alexandrinenstrasse	Germany	FC	65.57	65.57
Covivio Spree Wohnen 1	Germany	FC	65.53	65.53
Covivio Spree Wohnen 6	Germany	FC	65.53	65.53
Covivio Spree Wohnen 7	Germany	FC	65.53	65.53
Covivio Spree Wohnen 8	Germany	FC	65.53	65.53
Nordens Immobilien III	Germany	FC	65.53	65.53
Montana-Portfolio	Germany	FC	65.53	65.53
Covivio Cantianstrasse 18 Grundbesitz	Germany	FC	65.53	65.53
Covivio Konstanzer Str.54/Zahringerstr. 28, 28a Grundbesitz.	Germany	FC	65.53	65.53
Covivio Mariend.Damm28/Markgrafenstr. 17 Grundbesitz	Germany	FC	65.53	65.53
Covivio Markstrasse 3 Grundbesitz	Germany	FC	65.53	65.53
Covivio Schnellerstrasse 44 Grundbesitz	Germany	FC	65.53	65.53
Covivio Schönwalder Str. 69 Grundbesitz	Germany	FC	65.53	65.53
Covivio Schulstrasse 16/17. Grundbesitz	Germany	FC	65.53	65.53
Covivio Sophie-Charlotten Strasse 31, 32 Grundbesitz	Germany	FC	65.53	65.53
Covivio Zelterstrasse 3 Grundbesitz	Germany	FC	65.53	65.53
Grundbesitz Firstrasse 22	Germany	FC	67.49	67.49
Covivio Zinshäuser Alpha	Germany	FC	65.53	65.53
Covivio Zinshäuser Gamma	Germany	FC	65.53	65.53
Second Ragland	Germany	FC	65.53	65.53
Seed Portfolio 2	Germany	FC	65.53	65.53
Erz 1	Germany	FC	65.53	65.53
Covivio Berlin 9	Germany	FC	65.53	65.53
Erz 2	Germany	FC	65.53	65.53
Best Place Living	Germany	FC	31.47	31.47
Covivio Berlin 8	Germany	FC	65.53	65.53
Covivio Selectimmo.de	Germany	FC	65.57	65.57
Covivio Prenzlauer Promenade 49 Besitzgesellschaft	Germany	FC	65.53	65.53

140 companies German Residential segment	Country	Consolidation method in 2021	% held in 2021	% held in 2020
Meco Bau	Germany	FC	61.70	61.70
Covivio Blankenburger Str.	Germany	FC	65.57	65.57
Covivio Immobilien Financing	Germany	FC	65.53	65.53
Covivio Treskowallee 202 Entwicklungsgesellschaft	Germany	FC	65.57	65.57
Covivio Hathor Berlin	Germany	FC	65.57	65.57
Covivio Hansastraße 253	Germany	FC	65.57	65.57
Covivio Rhenania 1	Germany	FC	65.57	65.57
Covivio Rhenania 2	Germany	FC	65.57	65.57
Covivio Prime Financing	Germany	FC	61.70	61.70
Küchenwelt Berlin GmbH	Germany	FC	61.70	61.70
Covivio Grundbesitz NRW	Germany	FC	67.49	67.49
Covivio Eiger 1	Germany	FC	67.49	67.49
Covivio Eiger II	Germany	FC	67.49	67.49
Covivio Southern Living Grundbesitz	Germany	FC	67.49	67.49
Covivio Grundbesitz NRW 2	Germany	FC	67.49	67.49
Buchstrasse 6 & Fehmarner Strasse 14	Germany	FC	67.49	67.49
Erkstrasse 20	Germany	FC	67.49	67.49
Martin Opitz Strasse 5	Germany	FC	67.49	67.49
Kurstrasse 23	Germany	FC	67.49	67.49
Pankstrasse 55 Verwaltungs	Germany	FC	67.49	67.49
Grospiusstrasse 4	Germany	FC	67.49	67.49
Grundbesitz Schillerstrasse 10	Germany	FC	67.49	67.49
Covivio Zehnte GmbH	Germany	Merged		100.00
Covivio Beteiligungs GmbH & Co KG	Germany	Merged		100.00

The registered office of the parent company Covivio Immobilien SE is at Kleplerstrasse 110-112, – 45147 Essen.

21 companies Germany Offices segment	Country	Consolidation method in 2021	% held in 2021	% held in 2020
Covivio Office Holding	**Germany**	**FC**	**100,00**	**100,00**
Covivio Alexanderplatz	Luxembourg	FC	55.00	100,00
Covivio Alexanderplatz	Germany	FC	100.00	100.00
Covivio Office Berlin	Germany	FC	100.00	99.81
Covivio Tino Schwierzina Strasse 32 Grundbezitz	Germany	FC	94.22	94.22
Covivio Gross-Berliner-Damm	Germany	FC	100.00	99.81
Covivio Office (formerly Godewind Immobilien)	Germany	FC	100.00	99.77
Covivio Office 1	Germany	FC	94.22	94.02
Covivio Beteilingungs	Germany	FC	94.22	94.02
Covivio Office 2	Germany	FC	94.22	94.02
Covivio Office 3	Germany	FC	94.22	94.02
Covivio Office 4	Germany	FC	94.22	94.02
Covivio Office 5	Germany	FC	94.22	94.02
Covivio Office 7	Germany	FC	94.22	94.02
Covivio Office 6	Germany	FC	89,90	89,69
Covivio Technical Services 1	Germany	FC	100.00	99.77
Covivio Technical Services 2	Germany	FC	94.22	94.02
Covivio Technical Services 3	Germany	FC	94.22	94.02
Covivio Technical Services 4	Germany	FC	94.22	94.02
Covivio Verwaltungs 4	Germany	FC	94.22	94.02
Covivio Construction	Germany	FC	100.00	99.77

The registered office of the parent company Covivio Office Holding is at Knesebeckstrasse 3, 10,623 Berlin.

14 companies in Other segment (French Residential, Car parks, Services)	Country	Consolidation method in 2021	% held in 2021	% held in 2020
2 companies in French Residential:				
Foncière Développement Logements (parent company) 100% controlled	France	FC	100.00	100.00
Batisica	Luxembourg	FC	100.00	100.00
Dulud	France	Merger		100,00
6 Car parks companies:				
République (parent company) 100% controlled	France	FC	100.00	100.00
Esplanade Belvédère II	France	FC	100.00	100.00
Comédie	France	FC	100.00	100.00
Gare	France	FC	50.80	50.80
Gespar	France	FC	50.00	50.00
Trinité	France	FC	100.00	100.00
6 Services companies:				
Covivio Hotels Management	France	FC	100.00	100.00
Covivio Property SNC	France	FC	100.00	100.00
Covivio Développement	France	FC	100.00	100.00
Covivio SGP	France	FC	100.00	100.00
Covivio Proptech	France	FC	100.00	100.00
Covivio Proptech Germany	Germany	FC	100.00	100.00

FC: Full consolidation

EM/EA: Equity Method – Affiliates

EM/JV: Equity Method – Joint Ventures

NC: Not Consolidated

PC: Proportionate Consolidation

The registered office of the parent company Foncière Développement Logements and of all its fully consolidated French subsidiaries is located at 8, avenue Kléber – 75116 Paris.

There are 461 companies in the Group, including 413 fully consolidated companies and 48 equity affiliates.

2.2.3.4 Evaluation of control

Considering the rules of governance that grant Covivio powers giving it the ability to affect asset yields, the following companies are fully consolidated.

SCI 11, place de l'Europe (consolidated structured entity)

As at 30 June 2021, SCI 11, place de l'Europe was 50.1% held by Covivio and fully consolidated. The partnership with the Crédit Agricole Assurances Group (49.9%) was established as of 2013 as part of the Campus Eiffage project in Vélizy.

SNC Latécoère and Latécoère 2 (consolidated structured entities)

As at 30 June 2021, SCI Latécoère and Latécoère 2 were 50.1% held by Covivio and fully consolidated. The partnership with the Crédit Agricole Assurances Group (49.9%) was established in 2012 and 2015 as part of the Dassault Systèmes Campus and Dassault Extension projects in Vélizy. Covivio signed a project to extend the Dassault Systèmes campus through the construction of a new 27,600 m^2 building and the signing of new leases. These leases will begin in early 2023 upon delivery of the extension.

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

As at 30 June 2021, the SCIs of 9 and 15, rue des Cuirassiers were 50.1% held by Covivio and fully consolidated. The partnership with Assurances du Crédit Mutuel (49.9%) was created in early December 2017 as part of the Silex 1 and Silex 2 office projects in Lyon, Part-Dieu. Delivery of the Silex 2 project took place in early July 2021.

SAS 6, rue Fructidor (consolidated structured entities)

On 29 October 2019, a partnership was signed by Covivio and Crédit Agricole Assurances with a view to sharing the Paris Saint-Ouen So Pop development project, held by the company 6, rue Fructidor. This company owns a plot located on the border between Paris and St-Ouen where it intends to build a new office building (31,600 m^2 of floor space for offices and services, 7 storeys, 249 parking spaces). The building permit was obtained on 20 May 2019 and construction is due to be finalised in the first quarter of 2022.

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

As at 30 June 2021, the company 6, rue Fructidor was 50.1% held by Covivio and fully consolidated.

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

As at 30 June 2021, SCI N2 Batignolles and SNC Batignolles Promo are 50% held by Covivio and fully consolidated. SNC Batignolles Promo is 50% owned by Hines.

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

SAS Samoëns (consolidated structured entity)

As at 30 June 2021, SAS Samoëns was 50.10% held by Covivio Hotels and fully consolidated. The partnership with Assurances du Crédit Mutuel (49.9%) was established as of October 2016 as part of the project to develop a Club Med holiday village in Samoëns, delivered in 2017.

As manager of Samoëns, Covivio Hotels has the widest powers to act in the name and on behalf of the company in all circumstances, in keeping with its corporate purpose.

The partnership meets the criteria of a joint venture when the parties exercising joint control have rights to net assets of the partnership arrangement.

Covivio Alexanderplatz Sarl (consolidated structured entity)

Covivio Alexanderplatz Sarl was 55% held by Covivio as of 30 June 2021 and is fully consolidated. The partnership with Covéa (25%) and Generali Vie (20%) was set up in June 2021 as part of the Alexanderplatz project in Berlin. Delivery of this project is scheduled for the end of 2025. The construction of the building is carried out as part of a PDA between Covivio Alexanderplatz and Covivio Construction GmbH, wholly owned by Covivio.

The following companies are consolidated by the equity method.

SCI Lenovilla (joint venture)

As at 30 June 2021, Lenovilla was 50.09% held by Covivio and consolidated according to the equity method. The partnership with the Crédit Agricole Assurances Group (49.91%) was established in January 2013 as part of the New Vélizy (Campus Thales) project. The shareholder agreement stipulates that decisions be made unanimously.

SCI Cœur d'Orly Bureaux (joint venture)

As at 30 June 2021, SCI Cœur d'Orly Bureaux was 50% held by Covivio and 50% by Aéroports de Paris and was consolidated by the equity method. On 10 March 2008, the shareholders signed a memorandum of understanding, subsequently amended by a succession of deeds and by partnership agreements which set out the partners' rights and obligations with respect to SCI Cœur d'Orly Bureaux.

The ADP Group (as land developer and joint investor) and Covivio (as property developer and joint investor) signed the required deeds for the construction of the Belaïa office building at Cœur d'Orly, the business district of the Paris-Orly airport. This building was delivered in the second half of 2020.

2.2.4 Significant events during the period

Significant events during the period were as follows:

2.2.4.1 Main impacts of the Covid-19 crisis

Decrease in hotel revenues linked to the variable revenue portfolios and the operating properties

The continued lockdown in Europe and the closure of certain hotels continued to weigh on hotel performance at the beginning of the year. Occupancy rates remained low due to health restrictions affecting tourism and business travel.

Hotel rents in Europe were impacted by the decrease in AccorInvest variable rents of -€2.5 million compared to 30 June 2020 and the absence of rents in the United Kingdom due to the probable activation of the major underperformance clause.

Rent-free periods were granted to some tenants against extension of the lease period (average residual term of 12 years) amounting to €4.5 million. In accordance with IFRS 16, these benefits are treated as lease modifications and are linearised over the residual term of the leases. The impact of the linearisation of the deductibles granted in 2020 and 2021 amounts to -€0.7 million in the financial statements as of 30 June 2021.

The EBITDA of the hotels operated amounted to -€3.8 million at 30 June 2021 compared with €3.4 million at 30 June 2020, notably following the effect of the lack of impact of the health crisis in January and February 2020. Partial unemployment benefits received in the first half of 2021 amounted to €7.4 million compared with €5.2 million in the first half of 2020. In France, Covivio Hotels benefited from government subsidies put in place for the hotel sector for an amount of €5.8 million.

Decline in the value of hotel assets

The Hotels in Europe segment recorded a decline of -€64.8 million in value mainly on assets in the United Kingdom an asset in Spain and two Leisure assets.

As of 30 June 2021, impairment tests were performed. No impairment was recorded on the goodwill of hotels operated under operating properties. A 2.5% drop in the values of hotels in Operating properties would generate additional impairment of €0.5 million and a 5% drop would generate an impairment of €3.5 million.

Impairment of trade receivables

The first half of 2021 was impacted by write-downs of receivables and deferred payments related to the Covid-19 crisis for €2.4 million in Hotels in Europe.

2.2.4.2 France Offices

Disposals (€298 million – profit or loss on disposals net of fees: +€3 million) and assets under preliminary sale agreements (€44 million)

During the 1st half of 2021, Covivio sold the Issy-les-Moulineaux EDO, Lezennes Hélios and Lyon Duguesclin assets, as well as Marseille Astrolabe (in partnership). These disposals resulted in a gain of +€3 million.

At 30 June 2021, the amount of assets under preliminary sale agreement totalled €44 million.

Development projects

The asset development programme is presented in note 2.2.5.1.4.

The first half was marked by the delivery of three assets under development: Montrouge Flow, Montpellier Orange and Montpellier RIE, as well as the start of a new Lyon Sévigné project.

The Paris Gobelins asset, operated directly as part of the Flex Office activity, was also delivered during the half-year.

Refinancing and redemption

In January, Covivio issued a green bond offering of €100 million, due in 2033, offering a fixed coupon of 0.875%.

2.2.4.3 Italy Offices

Disposals (€83 million – profit or loss on disposals net of fees: +€3 million) and assets under preliminary agreement (€173 million)

During the period, assets were sold for a total sale price of €83 million.

At 30 June 2021, the amount of assets under preliminary sale agreement totalled €173 million.

In the first half of 2021, Covivio also sold the 17.90% stake it held in Investire Spa SGR for an amount of €13.3 million, equal to the net book value of the shares sold.

Signature of the Symbiosis project with SNAM – promotion activity

Covivio signed a contract with SNAM, the main Italian natural gas transport company, to build and sell a building of approximately 19,000 m^2. Currently under construction, the building will accommodate the company's head office when it is delivered in early 2024. The construction of this building is classified as a development activity and a percentage of completion margin of €5.4 million has been recognised in the financial statements at 30 June 2021.

Development projects

The asset development programme is presented in note 2.2.5.1.4.

The first half of 2021 was marked by the delivery of two assets under development: Milan Schievano Bâtiment B and Milan Schievano Bâtiment C.

Repayment of the ORNANE 2021 at maturity

In February 2021, Covivio redeemed the convertible bond (ORNANE 2021) at maturity for an amount of €200 million.

2.2.4.4 Hotels in Europe

Disposals of assets (€52 million – profit or loss on disposals net of fees: €0 million) and assets under preliminary sale agreement (€31 million)

During the period, Covivio Hotels sold ten Jardiland assets for €32 million, six Courtepaille assets for €7 million and one AccorInvest asset for €13 million.

As of 30 June 2021, sales commitments amounted to €31 million.

Refinancing and redemption

In the first half of 2021, Covivio Hotels repaid credit lines set up in 2020 as part of the Roco acquisition for a total of €175 million.

The company also redeemed the bond maturing in November 2021 for €187 million.

2.2.4.5 Germany Residential

Strong increase in German Residential asset values

The Germany Residential segment recorded an increase of €459.7 million, mainly in Berlin.

Acquisitions (assets: €141 million)

The Group acquired a portfolio of assets located in Berlin for €141 million.

Refinancing and redemption

Covivio Immobilien SE raised, secured, or renegotiated €288 million in loans with average terms of approximately 8.7 years.

2.2.4.6 Other (Incl. French Residential)

Early termination of the lease for the Beaugrenelle car park

The lease for the Beaugrenelle car park was terminated on 21 February 2021 (release effective 12 April 2021). An amount of €0.6 million was recognised in the financial statements at 30 June 2021 to compensate the operator for the loss related to the early termination of the service agreement. An exceptional depreciation of fixed assets of €0.8 million was also recorded over the period.

Pledge to sell parking activities

Covivio signed an agreement with Indigo Group to sell concessions and long-term leases for around ten car parks. This transaction is scheduled for early 2022.

2.2.5 Related notes to the statement of financial situation

2.2.5.1 Portfolio

2.2.5.1.1 Accounting principles applicable to tangible and intangible fixed assets

Intangible assets

Identifiable intangible fixed assets are amortised on a straight-line basis over their expected useful lives. Intangible fixed assets acquired are recorded on the balance sheet at acquisition cost. They primarily include entry fees (and occupancy rights for car parks) and computer software.

Intangible fixed assets are amortised on a straight-line basis, as follows:

- software: over a period of 1 to 3 years
- occupancy rights: 30 years.

Fixed assets in the concession segment – Concession activity

The Covivio group applies IFRIC 12 in the consolidated financial statements for car parks that are the subject of service concession agreements. An analysis of the Group's concession agreements results in classifying agreements as intangible assets as the Group is paid directly by users for all car parks operated without a subsidy from public authorities. These concession assets are assessed at historical cost less accumulated depreciation and any impairment.

The Group no longer has any fully owned car parks and consequently there are no longer any tangible "Car park" assets, other than right-of-use assets related to leases under IFRS 16.

Business combinations (IFRS 3) and goodwill from acquisitions

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

In this case, the acquisition cost is set at the fair value on the date of the exchange of the assets and liabilities and equity instruments issued for the purpose of acquiring the entity. Goodwill is recognised as an asset for the surplus of the acquisition cost on the portion of the buyer's interest in the fair value of the assets and liabilities acquired, net of any deferred taxes. Negative goodwill is recorded in the income statement.

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

The prospective additional costs are appraised at fair value at the acquisition date. They are definitely appraised in the 12 months following the acquisition. The subsequent change of these additional costs is recorded in the income statement.

After its initial recognition, the goodwill is subject to an impairment test at least once a year. The impairment test consists in comparing the net book value of the intangible and tangible fixed assets and goodwill related to the valuation of the hotels as "Operating Properties" made by the real estate appraisers.

If the Group concludes that the transaction is not a business combination, then it recognises the transaction as an acquisition of assets and applies the standards appropriate to acquired assets.

Costs related to the acquisition categorised under business combinations are recognised as expenses in accordance with IFRS 3 under "Income from changes in consolidation scope" in the income statement. The costs associated with an acquisition that does not qualify as a business combination are an integral part of the acquired assets.

Investment properties (IAS 40)

Investment properties are real estate properties held for purposes of leasing within the context of operating leases or long-term capital appreciation (or both).

Investment properties represent the majority of the Group's portfolio. The buildings occupied or operated by Covivio group employees – owner-occupied buildings – are recognised under tangible fixed assets (office properties occupied by employees, spaces used for own Flex Office, hotel real estate managed by the Operating Properties business).

Under the option offered by IAS 40, investment properties are assessed at their fair value. Changes in fair value are recorded in the income statement. Investment property is not amortised.

Valuations are carried out in accordance with the Code of Conduct applicable to SIICs, the Charter of Property Valuation Expertise, the recommendations of the COB/CNCC working group chaired by Mr. Barthès de Ruyter and the international plan in accordance with the International Valuation Standards Council (IVSC) and those of the 2014 Red Book of the Royal Institution of chartered Surveyors (RICS).

The real estate portfolio directly held by the Group was appraised in full at 30 June 2021 by independent real estate experts including BNP Real Estate, JLL, CBRE, Cushman, CFE, MKG, REAG and HVS.

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

The assets are recognised at their net market value.

For France, Italy and Germany Offices, the valuations are primarily performed according to two methods:

- the yield (or income capitalisation) method:

  This approach consists of capitalising an annual income, which, in general, is rental income from occupied assets, with the possible impact of a reversion potential, and market rent for vacant assets, taking into account the time needed to find new tenants, any renovation work and other costs

- the discounted cash flow (DCF) method:

  This method consists of determining the useful value of an asset by discounting the forecast cash flows that it is likely to generate over a given time frame. The discount rate is determined on the basis of the risk-free rate plus a risk premium associated with the asset and defined by comparison with the discount rates applied to cash flows generated by similar assets.

For Hotels in Europe, the methodology changes according to the type of assets:

- the rent capitalisation method is used for restaurants, garden centres and Club Med holiday villages
- the DCF method is used for hotels (including the revenue forecasts determined by the appraiser) and Sunparks holiday villages.

For German Residential, the fair value determined corresponds to:

- a block value for assets for which no sales strategy has been developed or which have not been marketed
- an occupied retail value for assets on which at least one preliminary sale agreement has been made before the reporting date.

  The evaluation method used was the discounted cash flow method.

  The resulting values are also compared with the initial yield rate, the monetary values per square metre of comparable transactions and transactions carried out by the Group.

IFRS 13 “Fair Value Measurement” establishes a fair value hierarchy that categorises the inputs used in valuation techniques into three levels:

- level 1: the valuation refers to quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- level 2: the valuation refers to valuation methods using inputs that are observable for the asset or liability, either directly or indirectly, in an active market
- level 3: the valuation refers to valuation methods using inputs that are unobservable in an active market.

The fair value measurement of investment properties requires the use of different valuation methods using unobservable or observable inputs to which some adjustments have been applied. Accordingly, the Group’s portfolio is mainly categorised as level 3 according to the IFRS 13 fair value hierarchy.

The appraisal of real-estate-assets accounted for as investment properties was conducted in the context of a changing situation affected by the unprecedented Covid-19 crisis, for which the impact and outlook remained difficult to predict at the time the appraisals took place.

The context of the crisis has created uncertainty about the estimates used for appraisal values. These estimates include assumptions about resumption of activity (reopening of hotels and gradual return of visitors, use of office buildings, etc.) which may not be realised.

Without calling into question the reliability of the appraisal valuations, experts have included a “material valuation uncertainty” in accordance with VPS 3 and VPGA 10 of the RICS Red Book Global. This indication is designed to bring clarity and transparency to the fact that, given the current circumstances, there is less certainty than usual regarding the valuation.

Assets under development (IAS 40)

Assets under construction are recognised according to the general fair-value principle, except where it is not possible to determine this fair value on a reliable and ongoing basis. In such cases, the asset is carried at cost.

As a result, development programmes and extensions or remodelling of existing assets that are not yet commissioned are recognised at their fair value and are treated as investment properties whenever the administrative and technical fair-value reliability criteria – *i.e.* administrative, technical and commercial criteria – are met.

In accordance with revised IAS 23, the borrowing cost during a period of construction and renovation is included in the cost of the assets. The capitalised amount is determined on the basis of fees paid for specific borrowings and, where applicable, for financing from general borrowings based on the weighted average rate of the particular debt.

Right-of-use (IFRS 16)

In application of IFRS 16, when a movable or immovable asset is held under a lease, the lessee is required to recognise a right-of-use asset and a rental liability, at amortised cost.

Right-of-use assets are included in the items under which the corresponding underlying assets are presented, if they belonged thereto, namely the items Operating properties, Other tangible fixed assets, and Investment properties.

The lessee depreciates the right-of-use on a straight-line basis over the term of the lease, except for rights relating to investment properties, which are measured at fair value.

Tangible fixed assets (IAS 16)

Pursuant to the preferred method proposed by IAS 16, operating buildings (head Offices and Flex Office business) and managed hotels under the Operating Properties business line (owner-occupied buildings – occupied or operated by Group employees) are carried at historical cost less accumulated depreciation and any potential impairment. They are amortised over their expected useful life according to a component-based approach.

The hotels operated as Operating Properties are depreciated according to their period of use:

Buildings	50 to 60 years
General installations and layout of the buildings	10 to 30 years
Equipment and furniture	3 to 20 years

If the appraisal values of the Operating Properties are less than the net book value, impairment is recognised, as a priority on the value of the fund, then on the value of the tangible fixed assets.

Non-current assets held for sale (IFRS 5)

In accordance with IFRS 5, when Covivio decides to dispose of an asset or group of assets, it classifies them as assets held for sale if:

- the asset or group of assets is available for immediate sale in its current condition, subject only to normal and customary conditions for the sale of such assets
- its or their sale is likely within one year and marketing for the property has been initiated.

For the Covivio group, only assets corresponding to the above criteria or for which a sale commitment has been signed are classified as assets held for sale.

If a sale commitment exists on the account closing date, the price of the commitment net of expenses constitutes the fair value of the asset held for sale.

2.2.5.1.2 Table of changes in fixed assets

(In € thousand)	31/12/2020	Scope change	Increase/ Charges	Disposal/ Reversals of provisions	Change in fair value	Transfers	Change in exchange rate	30/06/2021
Goodwill	**135,092**	**0**	**0**	**0**	**0**	**0**	**0**	**135,092**
Intangible assets [1]	**25,114**	**0**	**462**	**-536**	**0**	**-218**	**0**	**24,822**
Gross amounts	*93,111*	*0*	*2,631*	*-1,779*	*0*	*-218*	*0*	*93,745*
Depreciation	*-67,997*	*0*	*-2,169*	*1,243*	*0*	*0*	*-0*	*-68,923*
Tangible fixed assets	**1,441,989**	**0**	**-5,750**	**-11,990**	**0**	**-10,680**	**-2**	**1,413,567**
Operating properties	1,347,995	0	-20,960	-11,839	0	27,362	-3	1,342,554
Gross amounts	*1,697,236*	*0*	*3,621*	*-23,541*	*0*	*26,366*	*-3*	*1,703,678*
Depreciation	*-349,241*	*0*	*-24,581*	*11,702*	*0*	*996*	*0*	*-361,124*
Other tangible fixed assets	45,605	0	-3,437	-151	0	1,433	0	43,450
Gross amounts	*181,573*	*0*	*1,656*	*-750*	*0*	*1,289*	*0*	*183,768*
Depreciation	*-135,968*	*0*	*-5,093*	*599*	*0*	*144*	*0*	*-140,318*
Fixed assets in progress	48,389	0	18,647[2]	0	0	-39,475	1	27,562
Gross amounts	*48,389*	*0*	*18,647*	*0*	*0*	*-39,475*	*1*	*27,562*
Depreciation	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Investment properties	**22,625,439**	**141,144**	**286,064**	**-171,740**	**422,823**	**-195,070**	**61,370**	**23,170,030**
Operating properties	20,912,297	141,144	87,568	-171,740	346,671	147,794	61,370	21,525,104
Investment properties under development	1,713,142	0	198,496	0	76,152	-342,864	0	1,644,926
Assets held for sale	**335,388**	**0**	**769**	**-268,496**	**-1,322**	**198,094**	**0**	**264,433**
Assets held for sale	335,388	0	769	-268,496	-1,322	198,094	0	264,433
TOTAL	**24,563,022**	**141,144**	**281,545**	**-452,762**	**421,501**	**-7,874**	**61,368**	**25,007,944**

(1) The "Intangible fixed assets" line includes in particular the car park concession assets and leases in the amount of €15.3 million.

(2) Work carried out on the France Offices assets (€9.3 million) including Paris Gobelins (€6.2 million) and Paris Madrid Saint-Lazare (€1.7 million) and on the assets in Operating Properties (€5.0 million). Fixed assets in progress also includes instalments paid on asset acquisitions in Italy Offices (€2.4 million), France Offices (€1.9 million) and Germany Residential (€0.4 million).

The portfolio of hotels held as Operating Properties totalled €1,016.2 million at 30 June 2021. In accordance with IAS 16, it is recognised under "Tangible fixed assets".

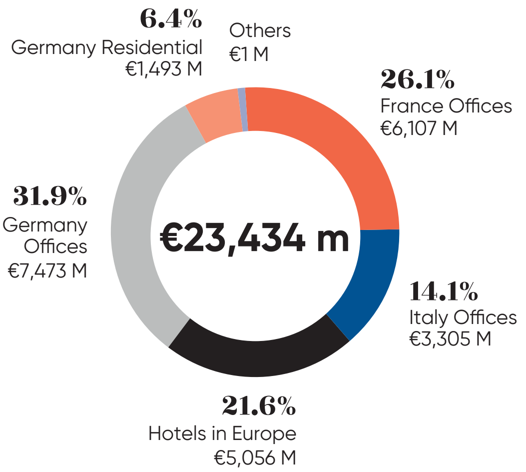
The total of the transfer column (-€7.9 million) corresponds mainly to the reclassification of works in the German Residential property development inventory.

The "Disbursements related to acquisition of tangible and intangible fixed assets" line in the Statement of Cash Flows (-€308.7 million) refers mainly to increases in the statement of changes in the portfolio excluding the effect of depreciation (-€313.4 million), restated for advances and down-payments already paid on properties under development (-€23.7 million), to changes in inventories of real estate trading and development companies (-€1.3 million) adjusted for changes in fixed asset trade payables (+€8.3 million) and restatements for step rental schemes and rent incentives (+€21.4 million).

The "Proceeds relating to the disposal of tangible and intangible fixed assets" line in the Statement of Cash Flows (€354.4 million) primarily corresponds to income from disposals as presented in section 2.2.6.3. Income from asset disposals (+€449.8 million), and to the proceeds from the disposal of assets in inventory (+€0.7 million), restated for the change in receivables on asset disposals (-€95.5 million) and down payments on asset disposals (-€0.6 million).

2.2.5.1.3 Investment properties and assets held for sale

Consolidated portfolio of assets at 30 June 2021



(In € thousand)	31/12/2020	Scope change	Increase	Disposal	Change in fair value	Transfers	Change in exchange rate	30/06/2021
Investment properties	**22,625,439**	**141,144**	**286,064**	**-171,740**	**422,823**	**-195,070**	**61,370**	**23,170,030**
Operating properties	20,912,297	141,144	87,568	-171,740	346,671	147,794	61,370	21,525,104
France Offices	*4,778,934*	*0*	*25,345*	*-94,590*	*-23,153*	*271,530*	*0*	*4,958,066*
Italy Offices	*2,972,811*	*0*	*12,762*	*-57,830*	*-8,739*	*-85,545*	*0*	*2,833,459*
Hotels in Europe	*5,001,696*	*1*	*1,303*	*-19,320*	*-54,585*	*-12,563*	*61,370*	*4,977,902*
Germany Residential	*6,830,679*	*141,143*	*38,430*	*0*	*442,914*	*-25,628*	*0*	*7,427,538*
Germany Offices	*1,328,177*	*0*	*9,728*	*0*	*-9,766*	*0*	*0*	*1,328,139*
Investment properties under development	1,713,142	0	198,496	0	76,152	-342,864	0	1,644,926
France Offices	*1,177,380*	*0*	*143,472*	*0*	*61,028*	*-277,200*	*0*	*1,104,680*
Italy Offices	*336,900*	*0*	*26,181*	*0*	*13,761*	*-79,043*	*0*	*297,799*
Hotels in Europe	*50,914*	*0*	*6,375*	*0*	*-10,243*	*0*	*0*	*47,046*
Germany Residential	*0*	*0*	*4,968*	*0*	*12,630*	*13,379*	*0*	*30,977*
Germany Offices	*147,948*	*0*	*17,500*	*0*	*-1,024*	*0*	*0*	*164,424*
Assets held for sale	**335,388**	**0**	**769**	**-268,496**	**-1,322**	**198,094**	**0**	**264,433**
France Offices	*236,960*	*0*	*1,038*	*-197,641*	*-1,909*	*5,670*	*0*	*44,118*
Italy Offices	*32,661*	*0*	*0*	*-20,186*	*-3,602*	*164,588*	*0*	*173,461*
Hotels in Europe	*50,955*	*0*	*-269*	*-31,955*	*75*	*12,560*	*0*	*31,366*
Germany Residential	*13,028*	*0*	*0*	*-17,700*	*4,114*	*15,276*	*0*	*14,718*
Germany Offices	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Other	*1,784*	*0*	*0*	*-1,014*	*0*	*0*	*0*	*770*
TOTAL	**22,960,827**	**141,144**	**286,833**	**-440,236**	**421,501**	**3,024**	**61,370**	**23,434,463**

The amounts in the "disposals" column correspond to the appraisal figures published on 31 December 2020.

2.2.5.1.4 Investment properties under development

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

(In € thousand)	31/12/2020	Acquisitions and works	Capitalised interest	Change in fair value	Transfers and disposals	Change of scope	30/06/2021
France Offices	**1,177,380**	**133,213**	**10,259**	**61,028**	**-277,200**	**0**	**1,104,680**
Italy Offices	**336,900**	**22,425**	**3,756**	**13,761**	**-79,043**	**0**	**297,799**
Hotels in Europe	**50,914**	**5,797**	**578**	**-10,243**	**0**	**0**	**47,046**
Germany Offices	**147,948**	**15,446**	**2,054**	**-1,024**	**0**	**0**	**164,424**
Germany Residential	**0**	**4,968**	**0**	**12,630**	**13,379**	**0**	**30,977**
CONSOLIDATED TOTAL	**1,713,142**	**181,849**	**16,647**	**76,152**	**-342,864**	**0**	**1,644,926**

The "transfers and disposals" column notably includes the delivery of five assets for -€364.2 million (three assets in France Offices and two assets in Italy Offices) and the transfer of six assets supplying the pipeline for €21.4 million of buildings under development (the Lyon Sévigné France Offices asset: +€8 million and five new projects in Germany Residential: +€13.4 million).

The pandemic has caused a delay of around three months in the progress of work. There are no additional costs generated by the crisis other than those related to securing construction sites.

2.2.5.1.5 Expertise parameter

The Group has not identified the best use of an asset as being different from its current use. Consequently, the application of IFRS 13 did not lead to a modification of the assumptions used for the valuation of assets.

In accordance with IFRS 13, the tables below provide details of the ranges of unobservable inputs by business segment (level 3) used by the real estate appraisers:

France Offices, Italy Offices and Germany Offices

Grouping of similar assets	Level	Portfolio (in €M)	Yield rate excluding duties (min.- max.)	Yield rate excluding duties (weighted average)	Discounted cash flow rate	Discounted cash flow rate (weighted average)
Paris Centre West	Level 3	894	2.8% - 5.9%	3.4%	3.3% - 6.8%	4.7%
North Eastern Paris	Level 3	420	3.9% - 5.0%	4.9%	3.8% - 5.3%	4.2%
Southern Paris	Level 3	722	3.2% - 5.0%	4.0%	3.5% - 5.8%	4.4%
Western Crescent	Level 3	1,097	3.6% -6.3%	5.1%	3.8% - 7.8%	4.8%
Inner suburbs	Level 3	1,318	3.7% - 6.0%	5.0%	3.3% - 7.0%	4.6%
Outer suburbs	Level 3	44	6.3% - 10.0%	5.9%	4.0% - 9.3%	5.5%
Total Paris Regions		**4,494**	**2.8% - 10.0%**		**3.3% - 9.3%**	
Major Regional Cities	Level 3	447	3.8% - 11.8%	4.0%	3.5% - 11.5%	5.1%
Area	Level 3	61	5.0% - 12.8%	6.3%	4.3% - 11.5%	6.3%
Total in operation		**5,002**	**3.8% - 12.8%**		**3.5% - 11.5%**	
Development projects	Level 3	1,105				
Total France Offices		**6,107**				
Milan	Level 3	1,771	2.2% - 7.1%	4.8%	4.5% - 6.4%	5.3%
Rome	Level 3	173	3.0% - 7.5%	5.1%	5.2% - 6.9%	6.2%
Other	Level 3	1,063	3.9% - 7.7%	6.5%	5.0% - 6.9%	6.4%
Total in operation		**3,007**				
Development projects	Level 3	298			5.8% - 9.0%	
Total Italy Offices		**3,305**				
Berlin	Level 3	45	5.2% - 5.2%	5.2%	3.2% - 3.2%	3.2%
Düsseldorf	Level 3	333	4.3% - 4.7%	4.6%	3.8% - 4.1%	4.0%
Frankfurt	Level 3	513	4.8% - 5.9%	5.1%	4.1% - 4.9%	4.4%
Hamburg	Level 3	305	4.4% - 4.8%	4.5%	3.8% - 4.0%	3.8%
Munich	Level 3	119	4.7% - 5.1%	4.8%	4.1% - 4.4%	4.2%
Total in operation		**1,314**	**4.3% - 5.9%**	**4.8%**	**3.2% - 4.9%**	**4.1%**
Development projects	Level 3	164				
Use rights	Level 3	14				
Total Germany Offices		**1,493**				
TOTAL OFFICES		**10,904**				

Hotels in Europe

Grouping of similar assets	Level	Portfolio (in €M)	Yield rate excluding duties (min.- max.)	Yield rate excluding duties (weighted average)	Discounted cash flow rate	Discounted cash flow rate (weighted average)
Germany	Level 3	650	4.0% - 5.5%	4.7%	4.0% - 6.5%	5.2%
Belgium	Level 3	242	5.4% - 6.7%	6.1%	7.0% - 8.3%	7.7%
Spain	Level 3	620	3.9% - 7.4%	5.1%	5.2% - 8.7%	6.4%
France	Level 3	1,702	3.6% - 6.7%	4.7%	4.4% - 7.7%	5.9%
Netherlands	Level 3	154	4.3% - 5.9%	4.9%	5.3% - 8.1%	6.0%
United Kingdom	Level 3	773	4.0% - 5.8%	4.5%	7.8% - 9.4%	8.5%
Other	Level 3	565	5.5% - 6.9%	5.8%	6.4% - 7.9%	6.9%
Hotel Lease properties	**Level 3**	**4,706**	**3.6% - 7.4%**	**4.9%**	**4.0% - 9.4%**	**6.5%**
Retail	Level 3	80	5.4% - 12.5%	6.7%	6.5% - 15.6%	8.2%
TOTAL IN OPERATION		**4,786**				
Development projects	Level 3	47	4.6%	4.6%	5.6%	5.6%
Use rights	Level 3	223				
TOTAL HOTELS IN EUROPE		**5,056**				

Residential Germany

			Rate of return*			
Grouping of similar assets	Level	Portfolio (in €M)	Total portfolio	Block valued properties	Discounted cash flow rate	Average value (in €/m²)
Duisburg	Level 3	328	3.2% - 4.7%	3.2% - 4.7%	4.4% - 5.9%	1,595
Essen	Level 3	781	2.8% - 5.2%	2.8% - 5.2%	4.3% - 6.7%	1,956
Mülheim	Level 3	221	3.4% - 4.8%	3.4% - 4.8%	4.6% - 6.0%	1,708
Oberhausen	Level 3	183	3.6% - 5.6%	3.6% - 5.6%	4.9% - 6.9%	1,354
Datteln	Level 3	146	3.3% - 4.8%	3.3% - 4.8%	4.5% - 6.0%	1,284
Berlin	Level 3	4,258	1.9% - 4.3%	1.9% - 4.3%	3.5% - 6.3%	3,309
Düsseldorf	Level 3	210	2.2% - 3.4%	2.2% - 3.4%	3.7% - 4.9%	2,998
Dresden	Level 3	481	2.4% - 3.9%	2.4% - 3.9%	3.8% - 5.4%	2,423
Leipzig	Level 3	157	2.3% - 4.2%	2.3% - 4.2%	3.8% - 5.4%	1,981
Hamburg	Level 3	547	1.7% - 3.7%	1.7% - 3.7%	3.4% - 5.5%	3,807
Others	Level 3	161	2.3% - 4.3%	2.3% - 4.3%	4.0% - 5.6%	2,043
TOTAL GERMAN RESIDENTIAL		**7,473**				

* Yield rates: potential yield rates assumed excluding taxes (actual rents/appraisal values excluding taxes).

Impact of changes in the yield rate on changes in the fair value of real estate assets, by operating segment

(In € million)	Yield(1)	Yield rate -50 bps	Yield rate +50 bps
France Offices(2)	4.4%	636.7	-507.5
Italy Offices	5.3%	315.2	-260.6
Hotels in Europe(2)	5.5%	480.1	-399.9
Germany Residential	3.5%	1,222.9	-920.4
Germany Offices	3.3%	234.6	-172.9
TOTAL(2)	**4.4%**	**2,889.5**	**-2,261.3**

(1) Yield on operating portfolio – excl. duties. The calculation of the yield rate in Hotels in Europe is based on the variable rents 2019 and fixed rents 2021.
(2) Including assets held by equity affiliates, excl. operating property assets.

- If the yield rate excluding taxes drops 50 bps (-0.5 points), the market value excluding taxes of the real estate assets will increase by €2,889 million.
- If the yield rate excluding taxes increases 50 bps (+0.5 point), the market value excluding taxes of the real estate assets will decrease by €2,261 million.

2.2.5.2 Financial assets

2.2.5.2.1 Accounting principles

Other financial assets

Other financial assets consist of investment-fund holdings, which cannot be classified as cash or cash equivalents.

These securities are recognised upon acquisition at cost plus transaction costs. They are then recognised at fair value in the income statement on the reporting date.

The fair value is arrived at on the basis of recognised valuation techniques (reference to recent transactions, Discounted Cash Flows, etc.). Some securities that cannot be reliably measured at fair value are recognised at acquisition cost.

Securities available for sale of listed and non-consolidated companies are recorded at their stock-market price with an offsetting entry in shareholders' equity in accordance with IFRS 9.

Dividends received are recognised when they have been approved by vote.

Loans

At each reporting date, loans are recorded at their amortised cost. Moreover, impairment is recognised and recorded on the income statement when there is an objective indication of impairment as a result of an event occurring after the initial recognition of the asset.

2.2.5.2.2 Table of financial assets

(In € thousand)	31/12/2020	Increase	Decrease	Change in fair value	Scope change	Transfers	Change in exchange rate	30/06/2021
Ordinary loans[1]	145,138	52	-39	0	0	-397	-0	144,754
Securities at historical cost[2]	18,497	1,700	-796	0	0	-1	0	19,400
Receivables on financial assets [2]	121,775	0	-13,673	0	0	1,651	0	109,753
TOTAL	**285,410**	**1,752**	**-14,508**	**0**	**0**	**1,253**	**0**	**273,907**
Impairment[3]	-3,140	-360	14	0	0	-1	0	-3,487
NET TOTAL	**282,270**	**1,392**	**-14,494**	**0**	**0**	**1,252**	**0**	**270,420**

(1) Ordinary loans include receivables from equity investments in equity affiliates. The decrease for the period is mainly due to the reclassification of loan guarantee deposits as tenant guarantee deposits (-€0.4 million).

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

- securities at historical cost: The change (+€1 million) is due to the injection of funds into Fondo Porta Romana in Italy Offices
- receivables on financial assets: The decrease mainly corresponds to receivables on disposals in Italy Offices (-€12 million).

(3) Including impairments on securities at historical cost held by Covivio in Italy (€1.6 million) and on receivables relating to financial assets (€1.9 million).

2.2.5.3 Investments in equity affiliates and joint ventures

2.2.5.3.1 Accounting principles

Investments in equity affiliates and joint ventures are recognised by the equity method. According to this method, the Group's investment in the equity affiliate or the joint venture is initially recognised at cost, increased or reduced by the changes, subsequent to the acquisition, in the share of the net assets of the affiliate.

The goodwill related to an equity affiliate or joint venture is included in the book value of the investment, if it is not impaired. The share in the earnings for the period is shown in the line item "Share in income of equity affiliates".

The financial statements of associates and joint ventures are prepared for the same accounting period as for the parent company, and adjustments are made, where relevant, to adapt the accounting methods to those of the Covivio group.

2.2.5.3.2 Table of investments in equity affiliates and joint ventures

(In € thousand)	% ownership	Operating segment	Country	31/12/2020	30/06/2021	Changes	Of which share of net income	Of which distribution and change in scope
SCI Factor E and SCI Orianz	34.69%	France Offices	France	15,732	16,576	844	844	0
Lenovilla (New Velizy)	50.10%	France Offices	France	62,370	60,626	-1,744	4,267	-6,012
Euromarseille (Euromed)	50.00%	France Offices	France	56,224	55,814	-410	-411	1
Cœur d'Orly (Askia and Belaïa)	50.00%	France Offices	France	25,805	27,026	1,221	2,606	-1,385
Investire Immobiliare and others		Italy Offices	Italy	13,334	38	-13,295	5	-13,300
Iris Holding France	19.90%	Hotels in Europe	Belgium, Germany	17,903	17,790	-113	-113	0
OPCI IRIS Invest 2010	19.90%	Hotels in Europe	France	26,385	27,517	1,131	1,875	-743
OPCI Camp Invest	19.90%	Hotels in Europe	France	21,564	21,724	160	968	-808
Dahlia	20.00%	Hotels in Europe	France	17,618	17,876	258	258	-0
Phoenix	31.15% and 33.33%	Hotels in Europe	France, Belgium	103,883	104,012	129	804	-675
TOTAL				**360,819**	**348,999**	**-11,820**	**11,103**	**-22,923**

The investments in equity affiliates at 30 June 2021 amounted to €349.0 million, compared with €360.8 million as at 31 December 2020, *i.e.* a decrease of -€11.8 million.

The change for the period is mainly due to the disposal of the investment in Investire Spa SGR in Italy Offices (-€13.3 million), the distribution of dividends (-€8.2 million) and the result for the period (+€11.1 million).

2.2.5.3.3 Breakdown of shareholdings in the main associates and joint ventures

Ownership	Cœur d'Orly	Groupe Euromed	SCI Lenovilla (New Velizy)	SCI Factor E/ SCI Orianz (Bordeaux Armagnac)
Covivio	**50.0%**	**50.0%**	**50.09%**	**34.7%**
Non-Group third parties	**50.0%**	**50.0%**	**49.91%**	**65.3%**
Crédit Agricole Assurances		50.0%	49.91%	
Aéroports de Paris	50.0%			
Icade				65.3%
TOTAL	**100%**	**100%**	**100%**	**100%**

Indirect ownership	Iris Holding France	OPCI Iris Invest 2010	OPCI Campinvest	SCI Dahlia	OPCI Otelli (Phoenix)	Konbon (Phoenix)	Jouron (Phoenix)
Covivio Hotels	**19.9%**	**19.9%**	**19.9%**	**20.0%**	**31.2%**	**33.3%**	**33.3%**
Non-Group third parties	**80.1%**	**80.1%**	**80.1%**	**80.0%**	**68.9%**	**66.7%**	**66.7%**
Sogecap					31.2%	33.3%	33.3%
Caisse de dépôt et consignation					37.7%	33.3%	33.3%
Crédit Agricole Assurances	80.1%	80.1%	68.8%	80.0%			
Pacifica			11.3%				
TOTAL	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

2.2.5.3.4 Key financial information on equity affiliates and joint ventures

(In € thousand)	Asset name	Total balance sheet	Total non-current assets	Cash and cash equivalents	Total non-current liabilities excluding financial debt	Total current liabilities excluding financial debt	Financial payables	Rental income	Cost of net financial debt	Net income consolidated
Cœur d'Orly (Askia and Belaïa)	Cœur d'Orly	151,004	138,093	7,963	1,338	6,455	89,159	3,245	-380	3,826
Lenovilla (New Velizy)	New Velizy and extension	282,722	270,240	9,803	0	1,154	160,549	6,061	-706	8,518
Euromarseille (Euromed)	Euromed Center	186,987	124,593	59,681	629	4,105	70,628	3,017	-212	-821
SCI Factor E and SCI Orianz	Bordeaux, Armagnac	151,367	137,977	11,494	629	5,310	97,645	3,420	-694	2,434
Iris Holding France	Hotels AccorHotels	224,124	201,017	22,103	19,033	5,070	110,505	978	-1,447	-566
OPCI IRIS Invest 2010	Hotels AccorHotels	260,861	240,540	17,412	2,571	8,579	111,435	3,089	-1,009	9,422
OPCI Camp Invest	Campanile Hotels	189,147	173,350	13,445	0	1,476	78,505	5,999	-803	4,865
Dahlia	Hotels AccorHotels	166,239	161,410	3,402	0	1,666	75,194	1,430	-815	1,289
OPCI Oteli, Jouron, Kombon	Hotels AccorHotels	540,177	524,736	12,794	21,423	16,337	176,742	4,407	-1,066	2,511

2.2.5.4 Deferred taxes at closing

		Increases					Decreases				
(In € thousand)	Balance sheet as at 31 December 2020	First time consoli-dation scope	Net income for the period	Difference in rates	Share-holder's equity	Other changes and transfers	Net income for the period	Difference in rates	Change in exchange rate	Removals from the scope of consoli-dation	Balance sheet as at 30 June 2021
DTA											
Losses carried forward	96,954		3,105			-38	-13,642				86,379
Fair value of properties	45,390		3,778			261	-144	-5,147	208		44,346
Derivatives	13,403		1,725			-385	-2,966				11,777
Temporary differences	23,245		1,028			62	-1,965		11		22,382
	178,992										**164,884**
DTA/DTL offset	-75,294										-74,525
TOTAL DTA	**103,698**	**0**	**9,636**	**0**	**0**	**-100**	**-18,717**	**-5,147**	**219**	**0**	**90,359**

		Increases					Decreases				
(In € thousand)	Balance sheet as at 31 December 2020	First time consoli-dation scope	Net income for the period	Difference in rates	Share-holder's equity	Other changes and transfers	Net income for the period	Difference in rates	Change in exchange rate	Removals from the scope of consoli-dation	Balance sheet as at 30 June 2021
DTL											
Fair value of properties	1,125,198		101,008	10,444		-440	-15,272		1,823		1,222,761
Derivatives	-153		3			190	468				508
Temporary differences	27,447		3,553			150	-2,966				28,184
	1,152,492										**1,251,453**
DTA/DTL offset	-75,294										-74,525
Total DTL	**1,077,198**	**0**	**104,564**	**10,444**	**0**	**-100**	**-17,770**	**0**	**1,823**	**0**	**1,176,928**
NET TOTAL	**-973,500**	**0**	**-94,928**	**-10,444**	**0**	**0**	**-947**	**-5,147**	**-1,604**	**0**	**-1,086,569**
			Total impact on the income statement:			**-111,466**	**Negative net balance = liabilities**				
			Of which DTA on the corporation tax line:			**-826**					

As at 30 June 2021, the consolidated unrealised tax position showed a deferred tax asset of €90.4 million (*versus* €103.7 million as at 31 December 2020) and a deferred tax liability of €1,176.9 million (*versus* €1,077.2 million as at 31 December 2020).

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

- German Residential: €778 million
- Hotels in Europe: €232 million
- Germany Offices: €50 million
- Italy Offices: €26 million.

The increase in net deferred tax liabilities (+€113.1 million) is mainly due to the impact of deferred taxes relating to the increase in appraisal values (+€82.6 million) mainly in Germany Residential, the deferred tax liability on the Roco Portfolio in Hotels in Europe (+€3.6 million), the effect of the cancellation of IDA in the United Kingdom (+€5.1 million), the adjustment of the rate differential on a company in the Netherlands (+€1.8 million) and the cancellation of the deferred tax asset on the tax loss carry forwards recognised in 2020 on the Rock portfolio in hotels held as Operating Properties (+€10.9 million).

The impact on income is detailed in paragraph 2.2.6.9.2.

In accordance with IAS 12, deferred tax assets and liabilities are offset for each tax entity when they involve taxes paid to the same tax authority.

2.2.5.5 Short-term loan

(In € thousand)	31/06/2020	Change of scope	Increase	Decrease	Transfers	30/06/2021
Short-term loan	13,519	0	12,172	-11,717	10	13,984
TOTAL	**13,519**	**0**	**12,172**	**-11,717**	**10**	**13,984**
Write-downs	0	0	0	0	0	0
NET TOTAL	**13,519**	**0**	**12,172**	**-11,717**	**10**	**13,984**

The change in short-term loans (+€0.5 million) is mainly due to the change in accrued interest on SWAPs (+€0.5 million).

2.2.5.6 Inventories and work-in-progress

2.2.5.6.1 Accounting principles applicable to inventories

Inventories are composed of two classification types: Property dealers (mainly in Italy, purchase/sale) and real estate development (housing and offices). They are assessed at cost.

Inventories are intended to be sold during the normal course of business. They are recorded at acquisition price and, as applicable, are depreciated in relation to the sale value (independent appraisal value).

2.2.5.6.2 Inventories and work-in-progress

(In € thousand)	30 June 2021 Net	31 December 2020 Net	Change
Real estate company trading properties	**23,246**	**22,994**	**252**
Miscellaneous inventories (raw materials, goods)	**1,765**	**1,755**	**10**
Extension property Germany Residential	32,651	12,741	19,910
France Offices	27,864	25,295	2,569
Italy Offices	0	35,573	-35,573
Germany Residential	140,038	144,731	-4,693
Germany Offices	0	6,245	-6,245
Real estate trading properties	**200,553**	**224,585**	**-24,032**
TOTAL INVENTORIES AND WORK-IN PROGRESS	**225,564**	**249,334**	**-23,770**

The balance sheet item "Inventories and work-in-progress" groups together inventories from trading activities in Italy Offices (€23 million), and assets dedicated to the real estate development business for €200.6 million.

In France, real estate development inventories consist exclusively of projects to transform office buildings or land reserves into residential units. When a development margin can be generated (depending on the percentage of completion and marketing) the stock decreases accordingly.

In Italy Offices, the decrease (-€35.6 million) is related to the signing of the agreement with the tenant SNAM on the basis of which the land located in the Symbiosis area in Milan and the studies were removed from the inventory.

The increase in inventories in Germany Residential (+€15.2 million) is linked to work on development assets (+€24.2 million), the disposal of development assets (-€17.1 million) and the reclassification as a development asset (+€7.7 million) from the investment property line.

The decrease in inventory in Germany Offices (-€6.2 million) is linked to the works (+€12.4 million) and the inventory removal during the period (-€18.6 million) on the Alexanderplatz project.

2.2.5.7 Trade receivables

2.2.5.7.1 Accounting principles applicable to trade receivables and the receivables of hotels under operation

The trade receivables are mainly comprised of receivables from simple lease transactions and receivables of hotels under operation. These items are measured at amortised cost. In the event that the recoverable value is lower than the net book value, the Group may be required to account for an impairment charge through profit or loss.

The usual impairment rules have been tightened in the context of the Covid-19 crisis. For unpaid bills relating to this crisis, impairments were recorded depending on the size of the tenant, its activity and the lease negotiations in progress (see § 2.2.4.1).

Receivables from operating lease transactions

For operating-lease receivables, a provision for impairment is made at the first non-payment. The impairment rates applied by Covivio group are as follows:

- no impairment provision is recorded for existing or vacated tenants whose receivables are less than three months overdue
- 50% of the total amount of receivables for existing tenants whose receivables are between three and six months overdue
- 100% of the total amount of receivables for existing tenants whose receivables are more than six months overdue
- 100% of the total amount of receivables for vacated tenants whose receivables are more than three months overdue.

The receivables and theoretical impairments arising from the rules above are reviewed on a case-by-case basis in order to factor in any specific situations.

Receivables of hotels under operation

Receivables of hotels under operation are impaired according to payment deadlines.

The receivables and theoretical impairments arising from the rules above are reviewed on a case-by-case basis in order to factor in any specific situations.

2.2.5.7.2 Trade receivables

(In € thousand)	30/06/2021	31/12/2020	Change
Expenses to be reinvoiced to tenants	258,315	175,477	82,838
Rent-free periods	18,040	31,018	-12,978
Trade receivables	177,622	108,195	69,426
TOTAL TRADE RECEIVABLES	**453,977**	**314,690**	**139,287**
Impairment of receivables	-49,987	-49,950	-37
NET TOTAL TRADE RECEIVABLES	**403,990**	**264,740**	**139,250**

The change in trade receivables (+€139.2 million) is mainly due to the increase in expenses to be re-invoiced to tenants (+€82.8 million, of which +€41.3 million in Germany) and net trade receivables (+€69.4 million), reduced by the decrease in rent relief (-€13.0 million, of which -€10.5 million is related to the early renewal of the Eiffage head office lease, the historical deductible having been reclassified to investment property).

It should be noted that as of June 30, 2021, the rendering of expenses for 2021 are not made.

The increase in gross trade receivables is mainly due to lease receivables for the first half of 2021 for hotels in the United Kingdom for €30.6 million. On a symmetrical basis, assets to be established are recognised in liabilities for the same amount due to the probable activation of the major underperformance clause.

Impairment for trade receivables is stable. In Hotels in Europe, write-downs of receivables were recorded on receivables of an asset in Spain for €8.7 million, on deferred payments in Spain for €3.3 million and on receivables in France (retail) for €2.5 million.

In Germany, the increase in depreciation of receivables corresponds to a depreciation on vacant offices (+€0.6 million) and on vacant housing units (+€1.3 million).

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

(In € thousand)	30/06/2021	31/12/2020
Impact of changes in inventories and work in progress	31,693	-35,795
Impact of changes in trade & other receivables	-152,157	210,247
Impact of changes in trade & other payables	106,099	-307,785
CHANGE IN WORKING CAPITAL REQUIREMENTS ON CONTINUING OPERATIONS (INCLUDING EMPLOYEE BENEFITS LIABILITIES)	**-14,365**	**-133,333**

2.2.5.8 Receivables from others

(In € thousand)	30/06/2021	31/12/2020	Change
Receivables from the State	108,693	101,390	7,304
Receivables from others	103,428	58,665	44,763
Security deposits received (short-term)	119,004	7,771	111,233
Current accounts	5,024	3,375	1,649
TOTAL	**336,149**	**171,200**	**164,949**

- The change in other receivables (+€44.8 million) is mainly due to an advance payment on works paid during the period for the DS Campus extension project (€33,2 million).
- €108.7 million in government receivables comprise mainly VAT receivables.
- The change in receivables on disposals (€111.2 million) mainly concerns the France Offices (+€93.6 million) following the disposal of the Lyon 288 and Lezennes Hélios assets, the Italy Offices (+€15.8 million) and the Residential Germany segment (+€1.6 million).

2.2.5.9 Cash and cash equivalents (available and restricted)

2.2.5.9.1 Accounting principles applicable to cash and cash equivalents

Cash and cash equivalents include cash, short-term deposits, and money-market funds. These are short-term, highly liquid assets that are easily convertible into a known cash amount, and for which the risk of a change in value is negligible.

2.2.5.9.2 Table of cash and cash equivalents

(In € thousand)	30/06/2021	31/12/2020
Cash equivalents	596,253	577,180
Cash at bank	521,270	668,967
TOTAL	**1,117,523**	**1,246,147**

At 30 June 2021, the cash equivalents consist mainly of Level 1 standard money-market collective investment vehicles (SICAV) and Level 2 term deposits.

- Level 1 of the portfolio corresponds to instruments whose price is listed on an active market for an identical instrument.
- Level 2 corresponds to instruments whose fair value is determined using data other than the prices mentioned for Level 1 and observable directly or indirectly (*i.e.* price-related data).

2.2.5.10 Shareholders' equity

2.2.5.10.1 Accounting principles applicable to equity

Treasury shares

If the Group buys back its own equity instruments (treasury shares), these are deducted from shareholders' equity. No profit or loss is recognised in the income statement when Group equity capital instruments are purchased, sold, issued, or cancelled.

2.2.5.10.2 Statement of changes in shareholders' equity

The statement of changes in shareholders' equity and movements in the share capital are presented in note 2.1.4.

The Covivio share capital was 94,579,481 shares issued and fully paid up each with a par value of €3, *i.e.* €283.7 million at 30 June 2021. Covivio holds 210,051 treasury shares.

Changes in the number of shares during the period

Transaction	Shares issued	Treasury shares	Shares outstanding
Number of shares at 31 December 2020	**94,544,232**	**264,270**	**94,279,962**
Capital increase – delivery of free share plan	35,249		
Capital increase – dividend in shares			
Treasury shares – liquidity agreement		-23,376	
Treasury shares – employee award		-30,843	
NUMBER OF SHARES AT 30 JUNE 2021	**94,579,481**	**210,051**	**94,369,430**

The dividend of €340 million was paid in cash and was taken from the 2020 net income, premiums and retained earnings.

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

The line Other mainly includes movements in treasury shares for the period (-€1.9 million).

The change in non-controlling interests (+€293 million) is mainly related to the distributions for the period (-€82.0 million) and the total comprehensive income for the period attributable to non-controlling interests (+€170.5 million), the capital increase of Covivio Hotels (+€140.3 million) as well as the capital increase of Covivio Alexanderplatz after partners took a stake of 45% (+€63 million).

2.2.5.11 Statement of debts

2.2.5.11.1 Accounting principles applicable to debt

Financial liabilities include borrowings and other interest-bearing debt.

At initial recognition, financial liabilities are measured at fair value, minus the transaction costs directly attributable to the issue of the liability. They are then recognised at amortised cost based on the effective interest rate. The effective rate includes the nominal rate and actuarial amortisation of issue expenses and issue and redemption premiums.

Financial liabilities of less than one year are posted under "Current financial liabilities".

Convertible bonds (ORNANE-type) issued by Covivio group are either (i) recognised at fair value in the income statement or (ii) recognised separately as a financial liability at amortised cost and an embedded derivative measured at fair value in the income statement.

The fair value is determined according to the closing bond price.

The Group companies hold movable and immovable assets through rental contracts (construction leases and long-term leases, premises, company vehicles, car parks). At the lease commencement date, the tenant measures the rental liability as the present value of rents owing not yet paid, using the implied interest rate for the lease, if this rate can be easily determined, or otherwise using the incremental borrowing rate. This debt is amortised as the contracts expire and give rise to the recognition of a financial expense.

Rental liabilities are shown on the long-term or short-term rental liabilities line in the balance sheet and financial expenses in the Interest costs for rental liabilities line item.

Derivatives and hedging instruments

The Covivio group uses derivatives to hedge its floating rate debt against interest rate risk (hedging of future cash flows).

Derivative financial instruments are recorded on the balance sheet at fair value. The fair value is calculated using valuation techniques that use mathematical calculations based on recognised financial theories and parameters that incorporate the prices of market-traded instruments. This valuation is carried out by an external service provider.

Certain financial instruments in Italy Offices are eligible for hedge accounting within the meaning of IFRS 9.

In this case, changes in the fair value of the effective portion of the hedge are recognised net of tax in shareholders' equity until the hedged transaction occurs. The ineffective portion is recorded in the income statement.

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

2.2.5.11.2 Table of debts and net financial debt

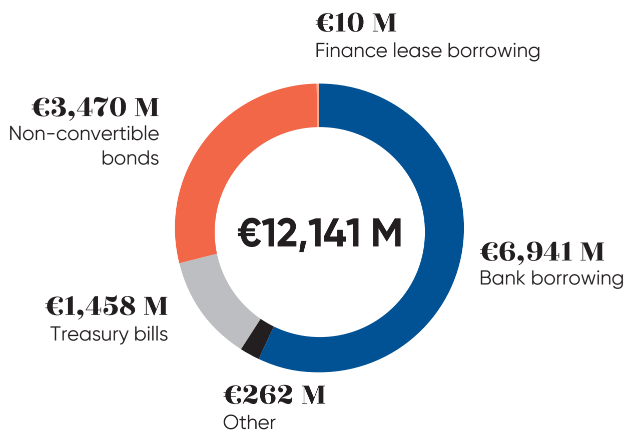
(In € thousand)	31/12/2020	Increase	Decrease	Change in scope[1]	Change in exchange rate	Other changes	30/06/2021
Bank borrowing	6,853,743	368,079	-355,972	52,378	22,503	0	6,940,731
Finance lease borrowing	11,166	0	-1,452	0	0	0	9,714
Other borrowings	193,172	65,903	-57,976	56,977	-0	0	258,076
Treasury bills	1,482,400	0	-24,000	0	0	0	1,458,400
Securitised loans	3,977	0	0	0	0	0	3,977
Non-convertible bonds	3,556,554	100,000	-186,553	0	0	0	3,470,001
Convertible bonds[2]	200,000	0	-200,000	0	0	0	0
Subtotal Interest-bearing loans	**12,301,012**	**533,982**	**-825,953**	**109,355**	**22,503**	**0**	**12,140,899**
Accrued interest	48,272	35,801	-48,774	0	0	0	35,299
Deferral of loan expenses	-65,746	9,014	-4,726	0	81	0	-61,376
Creditor banks	12,567	0	0	0	0	136,995	149,562
TOTAL BORROWINGS (LT/ST) EXCL. FAIR VALUE OF ORNANE-TYPE BONDS	**12,296,105**	**578,797**	**-879,453**	**109,355**	**22,584**	**136,995**	**12,264,383**
of which Long-term	10,459,091						10,341,065
of which Short-term	1,837,014						1,923,318
Valuation of financial instruments	329,541	0	0	0	0	-84,337	245,203
Convertible bond derivatives	89	0	0	0	0	-89	0
TOTAL DERIVATIVES	**329,630**	**0**	**0**	**0**	**0**	**-84,426**	**245,203**
of which Assets	-99,379						-70,865
of which Liabilities	429,008						316,068
TOTAL BANK DEBT	**12,625,734**	**578,797**	**-879,453**	**109,355**	**22,584**	**52,569**	**12,509,587**

(1) The change in scope column includes the debt of €109.4 million related to the acquisition of a portfolio of assets in Berlin in Germany Residential.

(2) Details of convertible bonds are presented in section 2.2.5.11.4 "Convertible bonds".

New financings taken out during the fiscal year are presented in 2.2.2.2 "Liquidity risk" and in 2.2.5.11.3 "Bank borrowings".

Debt by type as at 30 June 2021



Net financial debt at 30 June 2021 :

(In € thousand)	30/06/2021	31/12/2020	30/06/2020
Gross cash (a)	1,117,523	1,246,147	1,165,395
Debit balances and bank overdrafts from continuing operations (b)	-149,562	-12,567	-213,687
Net cash and cash equivalents (c) = (a) - (b)	**967,961**	**1,233,580**	**951,708**
Of which available net cash and cash equivalents	***966,702***	***1,232,472***	***951,700***
Of which unavailable net cash and cash equivalents	***1,259***	***1,108***	***8***
Gross debt (d)	12,176,198	12,349,284	11,797,190
Amortisation of financing costs (e)	-61,376	-65,746	-69,838
NET DEBT (D) - (C) + (E)	**11,146,861**	**11,049,957**	**10,775,645**

The line "Receipts related to new borrowings" of the cash flow statement (+€534.2 million) mainly corresponds to:

- increases in interest-bearing borrowings (+€534.0 million)
- increases in rental liabilities (+€4.9 million)
- less new loan issue costs (-€4.7 million).

The "Repayments of borrowings" line item of the Statement of Cash Flows (-€835.6 million) corresponds mainly to decreases in interest-bearing borrowings (-€826 million) and reductions in rental liabilities (-€9.6 million).

2.2.5.11.3 Bank borrowing

The table below outlines the characteristics of the borrowings taken out by Covivio group and the amount of the associated guarantees (principal amount over €100 million):

(In € thousand)	Outstanding debt (> or < €100 M)	Debt	Appraisal value at 30 June 2021*	Outstanding debt at 30 June 2021	Date of signature	Initial Nominal	Maturity
France Offices		€280 M and €145 M – Tour CB 21 and Carre Suffren		400,925	29/07/2015 and 01/12/2015	280,000 and 145,000	29/07/25 and 30/11/2023
		€300 M – Orange		300,000	18/02/2016	300,000	30/06/2028
		€167.5 M - DS Campus		164,587	**25/02/2021**	**167,500**	**23/02/2029**
	> €100 M		**2,264,050**	**865,512**			
	< €100 M		**351,020**	**166,633**			
		Total France Offices	**2,615,070**	**1,032,145**			
Italy Offices		€760 M - Central		556,361	15/09/2016	652,732	14/09/2024
	> €100 M	**Total Italy Offices**	**1,330,660**	**556,361**			
Hotels in Europe		€447 M - REF2		160,703	25/10/2013	447,000	31/01/2023
		€279 M – Roca		235,983	29/03/2017	277,188	29/03/2025
		€290 M – OPCI B2 HI (B&B)		123,323	10/05/2017	290,000	10/05/2024
		£400 M – Rocky		467,216	24/07/2018	475,145	24/07/2026
		€130 M – REF1		128,886	04/04/2019	130,000	03/04/2026
		€178 M – ParkInn Alexanderplatz Berlin		176,665	01/01/2020	178,000	30/12/2029
	> €100 M		**2,626,650**	**1,292,775**			
	< €100 M		**1,380,547**	**530,839**			
		Total Hotels Europe	**4,007,197**	**1,823,615**			
Germany Residential		Cornerstone		147,664	01/10/2014	136,737	30/06/2025
		Refinancing Wohnbau/Dümpten/Aurélia/Duomo		175,441	20/01/2015	220,000	30/01/2025
		Quadriga		150,960	16/06/2015	197,983	31/03/2026
		Refinancing Amadeus/Herbstlaub/Valore/Valartis/Sunflower		141,605	28/10/2015	147,095	30/04/2026
		Lego		151,514	24/06/2016	195,003	30/09/2024
		Refinancing KG2		105,275	26/01/2017	140,000	29/01/2027
		Refinancing Indigo, Prime		254,313	09/07/2019	229,221	30/09/2029
		Refinancing KG1		123,125	20/09/2019	125,000	30/09/2029
		Refinancing KG4		243,938	30/03/2020	248,130	29/03/2030
		Refinancing KG Residential		128,700	20/11/2020	130,000	15/11/2030
		Refinancing Arielle/Dresden/Maria		129,484	**21/05/2021**	**149,004**	**15/05/2031**
	> €100 M		**4,735,756**	**1,752,018**			
	< €100 M		**2,534,928**	**1,046,187**			
		Total German Residential	**7,270,684**	**2,798,205**			
Germany Offices	**> €100 M**	Godewind-Frankfurt Airport Center	254,300	130,000	17/12/2019	130,000	30/12/2025
	< €100 M		1,011,177	370,862			
		Total Germany Offices	**1,265,477**	**500,862**			
TOTAL COLLATERAL			**16,489,088**	**6,711,188**			

(In € thousand)	Outstanding debt (> or < €100 M)	Debt	Appraisal value at 30 June 2021*	Outstanding debt at 30 June 2021	Date of signature	Initial Nominal	Maturity
France Offices		Treasury bills		1,458,400			
		€500 M – Green bond		500,000	20/05/2016	500,000	20/05/2026
		€500 M – Bond		595,000	21/06/2017	500,000	21/06/2027
		€500 M – Green bond		500,000	17/09/2019	500,000	17/09/2031
		€500 M – Bond		500,000	23/06/2020	500,000	23/06/2030
		€100 M – Green PP		100,000	**15/01/2021**	**100,000**	**20/01/2033**
		Italy Offices reallocation		-329,183			
	> €100 M			**3,324,217**			
		Total France Offices	**3,796,401**	**3,324,217**			
Italy Offices		€250 M – Bond		125,000	30/03/2015	125,000	30/03/2022
		€300 M – Bond		300,000	17/10/2017	300,000	17/10/2024
		€300 M – Bond		300,000	20/02/2018	300,000	20/02/2028
		France Offices reallocation		329,183			
	> €100 M		**2,038,114**	**1,054,183**			
	< €100 M			**3,977**			
		Total Italy Offices	**2,056,091**	**1,058,160**			
Hotels in Europe		€200 M – Private investment		200,000	29/05/2015	200,000	29/05/2023
		€350 M – Edinburgh		350,000	24/09/2018	350,000	24/09/2025
	> €100 M			**550,000**			
	< €100 M			**239,286**			
		Total Hotels Europe	**2,039,988**	**789,286**			
Germany Residential	**< €100 M**	**Total German Residential**	**239,457**	**0**			
Germany Offices	**< €100 M**	**Total Germany Offices**	**213,347**	**0**			
Other	**< €100 M**	**French Residential**	**770**	**0**			
		Car parks	**39,500**	**0**			
		Total Other	**40,270**	**0**			
TOTAL UNENCUMBERED			**8,385,554**	**5,171,663**			
		Other liabilities		258,048			
TOTAL			**24,874,642**	**12,140,899**			

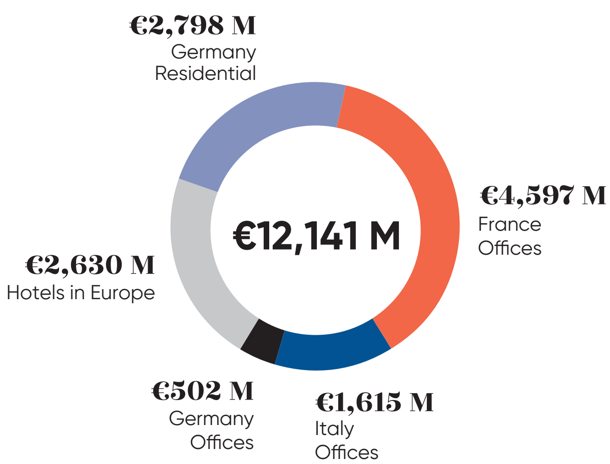
* The portfolio includes the fair value of assets operated directly by the company (head office, Flex Office) but does not include real estate inventories (trading, development) and the share of fair value of assets consolidated under the equity method.

The borrowings are valued after their initial recognition at cost, amortised based on the effective interest rate.

Breakdown of borrowings at their nominal value according to the time left to maturity and by interest-rate type:

(In € thousand)	Balance at 30/06/2021	Delivery date at – 1 year	Balance at 30 June 2022	Maturity from 2 to 5 years	Balance at 30 June 2026 (over 5 years)
Fixed-rate financial liabilities	**5,746,048**	**152,579**	**5,593,469**	**2,464,894**	**3,128,575**
France Offices – Bank borrowings	150,149	1,004	149,145	4,016	145,129
France Offices – Other	240,407	0	240,407	80,048	160,359
Germany Offices – Bank borrowings	500,862	600	500,262	444,262	56,000
Hotels in Europe – Bank borrowings	167,708	1,710	165,998	86,109	79,889
Hotels in Europe – Other	16,755	638	16,117	16,117	0
German Residential – Bank borrowings	1,196,142	19,646	1,176,496	484,334	692,162
German Residential – Other	48	3	45	9	37
Total borrowings and convertible bonds	**2,272,071**	**23,602**	**2,248,469**	**1,114,894**	**1,133,575**
France Offices – Bonds	1,865,817	0	1,865,817	500,000	1,365,817
Italy Offices – Bonds	1,054,183	125,000	929,183	300,000	629,183
Italy Offices – Securitisation	3,977	3,977	0	0	0
Hotels in Europe – Bonds	550,000	0	550,000	550,000	0
Total debts represented by securities	**3,473,977**	**128,977**	**3,345,000**	**1,350,000**	**1,995,000**
Floating-rate financial liabilities	**6,394,851**	**1,597,296**	**4,797,555**	**2,818,458**	**1,979,098**
France Offices – Bank borrowings	881,997	5,346	876,651	532,442	344,208
Italy Offices – Bank borrowings	556,361	10,760	545,601	545,601	0
Germany Offices – Other	867	867	0		0
Hotels in Europe – Bank borrowings	1,895,215	76,419	1,818,796	932,273	886,523
German Residential – Bank borrowings	1,602,011	140,504	1,461,507	713,141	748,366
Total borrowings and convertible bonds	**4,936,451**	**233,896**	**4,702,555**	**2,723,458**	**1,979,098**
France Offices – Treasury bills	1,458,400	1,363,400	95,000	95,000	0
Total debts represented by securities	**1,458,400**	**1,363,400**	**95,000**	**95,000**	**0**
TOTAL	**12,140,899**	**1,749,875**	**10,391,024**	**5,283,352**	**5,107,672**

Debt by operating segment as at 30 June 2021



2.2.5.11.4 Convertible bonds

Italy Offices

The ORNANE is a hybrid instrument and is recognised as a Host contract (debt at amortised cost) and as an embedded derivative (financial instrument at fair value through the income statement).

In February 2021, the ORNANE maturing in 2021 from Covivio in Italy was repaid.

2.2.5.11.5 Derivatives

Derivative instruments consist mainly of rate hedging instruments put in place as part of the Group's interest rate hedging policy.

Fair value of net derivative instruments:

(In € thousand)	31 December 2020 Net	First time consolidation – Change in consolidation method	Premiums – Restructuring balances	Impact on P&L	Impact on shareholders' equity	30 June 2021 Net
France Offices	-139,770		4,541	19,019		-116,210
Italy Offices	-27,569		8,557	1,345	2,679	-14,988
Germany Offices	-2,363			356		-2,007
ORNANE-type bonds Italy Offices	-89			89		
Hotels in Europe	-106,150		5,745	41,339	-15,006	-74,072
Germany Residential	-53,688		1,209	14,553		-37,926
TOTAL	**-329,629**		**20,052**	**76,701**	**-12,327**	**-245,203**
					Of which Cash instruments – Liabilities	**-316,068**
					Cash instruments – Assets	**70,865**

The total impact of the value adjustments on the derivatives on the income statement was -€76.7 million.

It mainly consists of changes in the value of derivatives (+€76.6 million). In accordance with IFRS 13, the fair values include the counterparty default risk (€3.2 million).

The Germany Offices line corresponds to the fair value measurement of fixed-rate debts on the acquisition date in accordance with IFRS 3.

The impact on equity of -€15 million on the Hotels in Europe line corresponds to the change in the exchange rate of Cross Currency Swaps used to hedge the net investments in the United Kingdom.

The "Unrealised gains and losses relating to changes in fair value" line item in the Statement of Cash Flows (-€498.2 million), which makes it possible to calculate cash flows from operating activities, mainly incorporates the impact of changes in the value of cash instruments and the ORNANE (+€76.7 million), and the change in the value of the portfolio (-€421.5 million).

Breakdown of hedging instruments by maturity of notional values

(In € thousand)	At 30 June 2021	At less than one year	From 1 to 5 years	At more than 5 years
Fixed hedge				
Fixed rate payer swap	5,246,083	-76,130	1,492,789	3,829,424
Fixed rate receiver swap	2,908,344	450,000	2,108,344	350,000
TOTAL SWAP	**2,337,739**	**-526,130**	**-615,555**	**3,479,424**
Optional hedge				
Fixed pay swaption purchase	0	0	0	0
Fixed borrower swaption sale	200,000	0	0	200,000
Cap purchase	579,058	59,474	519,584	0
Floor purchase	152,159	732	123,427	28,000
Floor sale	51,000	0	51,000	0
TOTAL	**9,136,644**	**434,076**	**4,295,144**	**4,407,424**

Hedge balance as at 30 June 2021

(In € thousand)	Fixed rate	Floating rate
Loans and borrowings (including creditor banks)	5,746,048	6,544,413
NET FINANCIAL LIABILITIES BEFORE HEDGING	**5,746,048**	**6,544,413**
Fixed hedge – Swaps		-2,337,739
Optional hedge – Caps		-579,058
Total hedges		**-2,916,797**
NET FINANCIAL LIABILITIES AFTER HEDGING	**5,746,048**	**3,627,616**

2.2.5.11.6 Rental liabilities

The balance of rental liabilities as at 30 June 2021 stood at €296.7 million, compared with €297.6 million at 31 December 2020, a fall of €0.9 million. Exchange rate fluctuations related to long-term leases in the United Kingdom amounted to +€8.5 million. The early exit of the Beaugrenelle car park lease generated a decrease in rental liabilities of -€4.8 million over the period.

At 30 June 2021, the interest expense relating to these rental liabilities was €7.2 million.

Breakdown of rental liabilities by maturity

(In € thousand)	At 30 June 2021	At less than one year	From 1 to 5 years	From 5 to 25 years	At more than 25 years
RENTAL LIABILITIES	**296,687**	**14,378**	**37,037**	**35,468**	**209,804**

2.2.5.11.7 Banking covenants

Excluding debts raised without recourse to the Group's real estate companies, the debts of Covivio and its subsidiaries generally include bank covenants (ICR and LTV) applying to the borrower's consolidated financial statements. If these covenants are breached, early debt repayment may be triggered. These covenants are established in Group Share for Covivio and for Covivio Hotels.

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

The most restrictive consolidated LTV covenants amounted to 60% for Covivio and Covivio Hotels at 30 June 2021.

The most restrictive consolidated ICR covenants amounted to 200% for Covivio and Covivio Hotels at 30 June 2021. As a precaution, Covivio Hotels has requested and obtained a waiver from its lenders for a suspension of the ICR covenant as at 30 June 2021.

Concerning Covivio, corporate credit facilities usually include an asset-secured debt covenant (100% scope), the cap on which is set at 25% and which measures the ratio of secured debt (or debt with guarantees of any kind) to asset value.

Covivio group's banking covenants were fully complied with at 30 June 2021, as they stood at 44.1% for Group Share LTV, 705% for Group Share ICR, and 4.8% for the asset-secured debt ratio.

No financing has an accelerated payment clause contingent on Covivio or Covivio Hotels' rating, which is currently BBB+, stable outlook (Standard & Poor's rating).

Consolidated LTV	Company	Scope	Covenant	Ratio
€300 M (2016) – Orange	Covivio	France Offices	≤ 60%	in compliance
€447 M (2013) – REF II	Covivio Hotels	Hotels in Europe	< 60%	in compliance
€130 M (2019) – REF I	Covivio Hotels	Hotels in Europe	≤ 60%	in compliance
€200 M (2015) – Private investment	Covivio Hotels	Hotels in Europe	≤ 60%	in compliance
€279 M (2017) – Roca	Covivio Hotels	Hotels in Europe	< 60%	in compliance
£400 M (2018) – Rocky	Covivio Hotels	Hotels in Europe	< 60%	in compliance

Consolidated ICR	Company	Scope	Covenant	Ratio
€300 M (2016) – Orange	Covivio	France Offices	≥ 200%	in compliance
€447 M (2013) – REF II	Covivio Hotels	Hotels in Europe	> 200%	in compliance
€130 M (2019) – REF I	Covivio Hotels	Hotels in Europe	> 200%	in compliance
€200 M (2015) – Private investment	Covivio Hotels	Hotels in Europe	≥ 200%	in compliance
€279 M (2017) – Roca	Covivio Hotels	Hotels in Europe	> 200%	in compliance
£400 M (2018) – Rocky	Covivio Hotels	Hotels in Europe	> 200%	in compliance

As part of the mortgage financing, these covenants, moreover, most often include specific covenants for the scopes financed. The purpose of these covenants, generally scope LTV, is mainly to limit the use of financing lines by correlating it with the value of the underlying assets provided as collateral.

2.2.5.12 Provisions for risks and charges

2.2.5.12.1 Accounting principles applicable to provisions for contingencies and losses

Retirement commitments

The retirement commitments are recognised in accordance with revised IAS 19. Provisions are recorded on the balance sheet for the liabilities arising from defined benefits pension schemes for existing staff at the reporting date. They are calculated according to the projected credit units method based on valuations made at each reporting date. The past service cost corresponds to the benefits granted, either when the company adopts a new defined benefits scheme, or when it changes the level of benefits of an existing scheme. When new benefits are granted upon adoption of a new scheme or change in an existing scheme, the past service cost is immediately recognised in the income statement.

Conversely, when the adoption of a new scheme or change in an existing scheme gives rise to the vesting of benefits after its implementation date, the past service costs are recognised as an expense on a straight-line basis over the average remaining period until the benefits become fully vested. Actuarial gains and losses result from the effects of changes in actuarial assumptions and experience adjustments (differences between actuarial assumptions and what has actually occurred). The change in these actuarial gains and losses is recognised in "Other items" of comprehensive income.

The expense recognised in operating income includes the cost of the services rendered during the year, amortisation of past service costs and the effects of any reduction or liquidation of the scheme; the cost of discounting is recognised in net financial income. The valuations are made taking into account the Collective Agreements applicable in each country and in keeping with the various local regulations. For each employee, the retirement age is the social security eligibility age.

2.2.5.12.2 Provisions

(In € thousand)	31/12/2020	Scope change	Charges	Reclust-ering	Change in actuarial gains and losses	Reversal of provision		30/06/2021
						Used	Unused	
Other provisions for litigation	2,883	0	217	0		-102	-153	2,845
Provisions for guarantees	0	0	0				0	0
Provisions for taxes	26,472	0	46	0		-250	-1	26,267
Provisions for renovating sites	2,616	0	0	0		-1,188	0	1,428
Other provisions	3,017	0	65	0		-1,936	-562	584
Provisions sub-total – current liabilities	**34,988**	**0**	**328**	**0**	**0**	**-3,476**	**-716**	**31,124**
Provisions for retirement benefit	55,786	0	527	0	0	-1,088	-17	55,208
Provisions for long-service awards	1,680	0	4			-102	-16	1,566
Provisions sub-total – non-current liabilities	**57,466**	**0**	**531**	**0**	**0**	**-1,190**	**-33**	**56,774**
TOTAL PROVISIONS	**92,454**	**0**	**859**	**0**	**0**	**-4,666**	**-749**	**87,898**

The provisions for litigation are broken down into €1.8 million for France Offices, €0.3 million for Italy Offices, and €0.7 million for Hotels in Europe.

Provisions for taxes concern Germany Residential for €17.7 million, Hotels in Europe for €7.8 million (tax risks on the German portfolio of the Operating Properties business), Italy Offices for €0.6 million and Germany Offices for €0.2 million.

The provision for retirement indemnities totalled €55.2 million at 30 June 2021 (including €51 million for Germany Residential).

The main actuarial assumptions used to estimate the commitments in France were as follows:

- rate of pay increase: managers 4%, non-managers 3%
- discount rate: 0.55% (TEC 10 n +50 bps).

The main actuarial assumptions used to estimate the commitments in Germany were as follows:

Assumptions used in calculating provisions for retirement benefit obligations in Germany	Germany Residential		Germany Offices	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
Discount rate	0.85%	0.85%	0.45%	0.45%
Annual wage growth	2.5%	2.5%	1.25%	1.25%
Rate of social security charges	1%/2%	1%/2%		
Impact of provisions for retirement benefits on the income statement (in € thousand)				
Cost of services rendered during the year	-314	-613	0	0
Financial cost	-213	-501	0	-1
Effects of plan reductions/settlements	0	0	0	0
TOTAL IMPACT ON THE INCOME STATEMENT	**-527**	**-1,114**	**0**	**-1**

2.2.5.13 Other short-term liabilities

(In € thousand)	30/06/2021	31/12/2020	Change
Social debt	34,471	36,667	-2,216
Tax payables	72,860	25,391	47,469
Current accounts – liabilities	800	335	465
Dividends to be paid	27	27	0
Other liabilities	46,830	48,832	-2,002
TOTAL	**154,988**	**111,272**	**43,716**

- The change in tax liabilities of +€47 million is mainly related to the impact of IFRIC 21 which requires that the property tax be recognised on a full-year basis without averaging (+€36 million).

2.2.5.14 Recognition of financial assets and liabilities

Categories according to IFRS 9	Item concerned in the statement of financial position (in thousands of euros)	30 June 2021 Net	Amount in the statement of financial position measured: At amortised cost	At fair value through shareholders' equity	At fair value through the income statement	Fair value
Assets at amortised cost	Non-current financial Assets	17,771	17,771			17,771
Loans and receivables	Non-current financial Assets	252,649	252,649			252,649
TOTAL NON-CURRENT FINANCIAL ASSETS		**270,420**	**270,420**			**270,420**
Loans and receivables	Trade receivables[1]	385,950	385,950			385,950
Assets at fair value through profit or loss	Derivatives at fair value through profit or loss	70,865			70,865	70,865
Assets at fair value through profit or loss	Cash and cash equivalents	596,253			596,253	596,253
TOTAL FINANCIAL ASSETS		**1,323,488**	**656,370**	**0**	**667,118**	**1,323,488**
Liabilities at amortised cost	Financial payables	12,140,899	12,140,899			12,285,071[2]
Liabilities at fair value through profit or loss	Financial instruments (excluding ORNANE)	316,068		8,778	307,290	316,068
Liabilities at amortised cost	Security deposits	26,699	26,699			26,699
Liabilities at amortised cost	Trade payables	273,650	273,650			273,650
TOTAL FINANCIAL LIABILITIES		**12,757,316**	**12,441,248**	**8,778**	**307,290**	**12,901,488**

(1) Excluding deductible.
(2) The difference between the net book value and the fair value of the fixed rate debt is €144,172 thousand.

Breakdown of financial assets and liabilities at fair value

The table below presents the financial instruments at fair value broken down by level:

- level 1: financial instruments listed in an active market
- level 2: financial instruments whose fair value is evaluated through comparisons with observable market transactions on similar instruments or based on an evaluation method whose variables include only observable market data
- level 3: financial instruments whose fair value is determined entirely or partly by using an evaluation method using an estimate that is not based on market transaction prices on similar instruments.

(In € thousand)	Level 1	Level 2	Level 3	Total
Derivatives at fair value through profit or loss		70,865		70,865
Cash equivalents	7 325	588,928		596,253
TOTAL FINANCIAL ASSETS	**7 325**	**659,793**	**0**	**667,118**
Derivatives at fair value through profit or loss		316,068		316,068
TOTAL FINANCIAL LIABILITIES	**0**	**316,068**	**0**	**316,068**

2.2.6 Notes to the statement of net income

2.2.6.1 Accounting principles

Rental income

According to the presentation of the income statement, rental income is treated as revenues. Revenues from hotels under management and Flex Office, car park receipts, property development, and services are now shown in specific lines of the statement of net income, after net rental income.

As a general rule, the invoicing is quarterly except for the Germany Residential activity where the invoicing is monthly. The rental income of investment properties is recognised on a straight-line basis over the term of the ongoing leases. Any benefits granted to tenants (rent-free periods, step rental leases) are amortised on a straight-line basis over the duration of the lease agreement, in compliance with IFRS 16, and offset against investment properties

Share-based payments (IFRS 2)

The application of IFRS 2 has resulted in the recognition of an expense for benefits granted to employees as share-based payments. This expense is recorded in income for the year under overheads.

Free shares are valued by Covivio at the date of their award according to a binomial valuation model. This model takes into account the features of the plan (price and exercise period), market data upon award (risk-free rate, share price, volatility and expected dividends), and assumptions of beneficiary behaviour. The benefits thus granted are recognised as expenses over the vesting period, and offset by an increase in the consolidated reserves.

2.2.6.2 Operating income

2.2.6.2.1 Rental income

Rental income amounted to €423.2 million at 30 June 2021 compared with €435.2 million at 30 June 2020, a decrease of €12.0 million.

(In € thousand)	30/06/2021	30/06/2020	Change in thousands of euros	Change (in%)
France Offices	110,764	121,045	-10,281	-8.5%
Italy Offices	78,705	88,177	-9,472	-10.7%
Germany Offices	20,171	22,111	-1,940	n.a.
Total Offices rental income	**209,640**	**231,333**	**-21,693**	**-9.4%**
Hotels in Europe	78,623	75,867	2,756	3.6%
Germany Residential	134,903	127,666	7,237	5.7%
Other (including French Residential)	**18**	**347**	**-329**	**-94.8%**
TOTAL RENTAL INCOME	**423,184**	**435,213**	**-12,029**	**-2.8%**

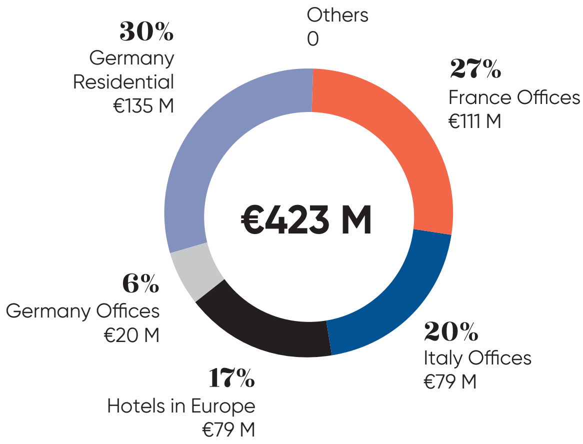
The rental income consists of rental and similar income (e.g. occupancy fees and entry rights) invoiced for investment properties during the period. Rent exemptions, step rental schemes and entry rights are spread out over the fixed term of the lease.

The changes in rents by asset-type break down as follows:

- a decrease in rental income from France Offices (-8.5%), mainly due to the impact of asset disposals (-€6.5 million) and vacancies (-€4.5 million) fuelling the development pipeline, partially offset by the delivery of assets under development in 2020 and 2021 (+€3.5 million)
- a decrease in rents for Italy Offices (-10.7%), mainly due to disposals (-€10.4 million)
- a decrease in rents for the Germany Offices (-€1.9 million) mainly on the partially vacant Zeughaus Hamburg and Frankfurt Airport Center assets

- an increase in hotel rents in Europe (+€2.8 million, i.e. +3.6%), mainly due to the acquisitions made at the end of 2020 (Roco portfolio, +€9 million) minus the impact of the Covid-19 crisis (lockdown and closure of certain hotels) on AccorInvest variable rents (-€2.5 million) and disposals completed in 2020 and 2021 (-€3.2 million). As at 30 June 2020, no fixed rents have been recognised on assets in the United Kingdom due to the probably activation of the major underperformance clause
- an increase in rents in Germany Residential (+5.7%) following acquisitions (+€2.2 million) and re-letting/indexation (+€8.2 million), mitigated by disposals (-€3.2 million); note the cancellation of the law on rent caps in Berlin, which generated an impact of +€3.5 million on rental income.

Rental income for the first half of 2021 by operating segment



2.2.6.2.2 Property costs

(In € thousand)	30/06/2021	30/06/2020	Change in thousands of euros	Change (in%)
Rental income	423,184	435,213	-12,029	-2.8%
Rebillable expenses	-87,251	-87,227	-24	0.0%
Income from rebilling of expenses	87,251	87,227	24	0.0%
Unrecovered property operating costs	-22,891	-19,949	-2,942	14.7%
Expenses on properties	-14,451	-13,693	-758	5.5%
Net losses on unrecoverable receivables	-2,079	-8,705	6,626	n.a.
NET RENTAL INCOME	**383,764**	**392,866**	**-9,102**	**-2.3%**
RATE FOR PROPERTY EXPENSES	**-9.3%**	**-9.7%**		

- Unrecovered rental costs: These expenses correspond to charges on vacant premises. Unrecovered rental expenses are presented net of re-invoicing to the income statement.
- In accordance with IFRS 15, income from re-invoicing of rental expenses is presented separately above when the company acts as principal.
- Expenses on properties: these consist of rental expenses that are borne by the owner, expenses related to works and expenses related to property management.
- Net losses on unrecoverable receivables: these consist of losses on unrecoverable receivables and net provisions on doubtful receivables. First half year 2020 was impacted by impairments on doubtful receivables related to the Covid-19 crisis for an amount of -€2.6 million in Italy Offices, -€1.5 million in Hotels in Europe and -€1.3 million in German Residential.

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

(In € thousand)	30/06/2021	30/06/2020	Change in thousands of euros	Change (in%)
Revenues from Hotel Operating activity and Flex Office	30,147	52,391	-22,244	-42.5%
Operating expenses of Hotel Operating activity and Flex Office	-29,723	-45,778	16,055	-35.1%
EBITDA FROM HOTEL OPERATING ACTIVITY AND FLEX OFFICE	**424**	**6,613**	**-6,189**	**-93.6%**
Income from other activities	36,457	22,163	14,294	64.5%
Expenses of other activities	-21,243	-17,922	-3,321	18.5%
INCOME FROM OTHER ACTIVITIES	**15,214**	**4,241**	**10,973**	**259%**
TOTAL INCOME FROM OTHER ACTIVITIES	**15,638**	**10,854**	**4,784**	**N.A.**

- EBITDA from Hotel Operating activity and Flex Office consists of the EBITDA of the hotels under operation (-€3.8 million *versus* +€3.4 million as at 30 June 2020) and the income from Flex Office (€4.2 million as at 30 June 2021 *versus* €3.2 million as at 30 June 2020). The decrease in the EBITDA of the hotels under management of -€7.2 million is related to the measures of lockdown and closure of certain hotels during the first half of 2021, while the months of January and February 2020 were only slightly impacted by the Covid-19 crisis.
- Income from other activities includes income from property development (€6.9 million) in Germany, Italy (€5.4 million) and France (€1.9 million), and car parks (€0.8 million). The decrease in the results of the Car parks activity of -€1.7 million compared to 30 June 2020 is explained by the decline in activity during the lockdown periods due to the Covid-19 crisis and the accounting exceptional depreciation of fixed assets related to the early termination of the Beaugrenelle car park lease.

2.2.6.2.4 Net operating costs

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

(In € thousand)	30/06/2021	30/06/2020	Change in thousands of euros	Change (in%)
Management and administration income	5,863	10,227	-4,364	-42.7%
Business expenses	-2,806	-2,993	187	-6.2%
Overheads	-57,238	-63,001	5,763	-9.1%
TOTAL NET OPERATING COSTS	**-54,181**	**-55,766**	**1,586**	**-2.8%**

The decrease in management and administration revenues of -€4.4 million is mainly due to a decrease in services in Italy Offices (-€2.5 million) due to the sale in 2020 of Revalo, active in property management on behalf of third parties.

Overheads include staff costs, which are described in a specific analysis under section 2.2.7.1.1.

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

(In € thousand)	30/06/2021	30/06/2020	Change (in €K)
Depreciation of operating assets	-38,616	-31,872	-6,744
Net change in provision and other	9,193	6,481	2,711

Depreciation and amortisation of operating assets amounted to -€38.6 million at 30 June 2021, compared with -€31.9 million at 30 June 2020. This increase of -€6.7 million is mainly due to the impact of the scrapping of fixed assets following the restructuring of the Paris Gobelins Flex-office building (owner-occupied building) for -€7.1 million.

The Net change in provisions and other items includes the rebilling of long-term leases conferring ad rem rights to tenants (€6.4 million as at 30 June 2021 *versus* €5.2 million as at 30 June 2020) when the rental expense is restated. Indeed, in order not to distort the property expense ratio and following the cancellation of the rental expense in accordance with IFRS 16, the income from rebilling to tenants is presented as a net change in provisions and others. The change for the period is mainly due to the reinvoicing of long-term leases on the ROCO portfolio acquired at the end of 2020 (+€1.6 million).

The line "Net depreciation, amortisation and provisions" of the cash flow table of €34.5 million mainly includes a depreciation of operating assets of €38.6 million.

2.2.6.3 Income from asset disposals

(In € thousand)	30/06/2021	30/06/2020	Change in thousands of euros	Change (in%)
Proceeds from asset disposals[1]	449,772	292,272	157,500	53.9%
Disposal values of assets sold[2]	-441,130	-298,413	-142,717	47.8%
INCOME FROM ASSET DISPOSALS	**8,642**	**-6,141**	**14,783**	

(1) Sale price net of disposal costs.

(2) Corresponds to the appraisal values published at 31 December 2020.

Income from asset disposals by business segment is shown in section 2.2.8.9.

2.2.6.4 Change in the fair value of assets

(In € thousand)	30/06/2021	30/06/2020	Change (in €K)
France Offices	35,966	89,328	-53,362
Italy Offices	1,420	-17,633	19,053
Hotels in Europe	-64,753	-135,035	70,282
Germany Residential	459,658	221,866	237,792
Germany Offices	-10,790	6,305	-17,095
Other (including French Residential)	0	-20	20
TOTAL CHANGE IN FAIR VALUE OF PROPERTIES	**421,501**	**164,811**	**256,690**

The €421.5 million positive change in the fair value of properties mainly relates to the German Residential portfolio for +€459.7 million (essentially assets located in Berlin). The Hotels in Europe segment recorded a decline of -€64.8 million in value mainly on assets in the United Kingdom and is stable for the rest of the portfolio.

2.2.6.5 Income from disposal of securities

In Germany Residential, Covivio sold the 5.1% stake it held in Solis for a disposal gain of €1.4 million.

A earn-out amount of €1.3 million was also received following the sale of shares in Spree Wohnen 2 in 2020.

2.2.6.6 Income from changes in scope

Income from changes in scope corresponds mainly to the acquisition costs of consolidated equity investments, which, in accordance with IFRS 3 Business Combinations, must be recognised as expenses for the year.

The line "Impact of changes in the scope of consolidation related to investment activities" (§ 39 of IAS 7) of -€18.0 million corresponds mainly to the acquisition of companies in Germany Residential for -€29.2 million and to the additional acquisition of shares in Covivio Office (formerly Godewind Immobilien) following a squeeze-out procedure for -€1.6 million, offset by the sale of shares in Investire Spa SGR in Italy Offices (+€13.3 million).

2.2.6.7 Cost of net financial debt

(In € thousand)	30/06/2021	30/06/2020	Change in thousands of euros	Change (in%)
Interest income on cash transactions	5,009	3,541	1,468	41.5%
Interest expense on financing operations	-58,938	-69,328	10,391	-15.0%
Regular amortisations of loan issue costs	-7,173	-7,357	184	-2.5%
Net expenses on hedges	-14,989	-13,538	-1,450	10.7%
COST OF NET DEBT	**-76,091**	**-86,683**	**10,593**	**-12.2%**
Average annual rate of debt	**1.19%**	**1.31%**		

Excluding costs to repurchase fixed-rate debt and penalties (€1.6 million at 30 June 2021 *versus* €7.8 million at 30 June 2020), the cost of debt declined slightly by €4.4 million, under the effect of refinancings and restructured hedges.

2.2.6.8 Net financial income

(In € thousand)	30/06/2021	30/06/2020	Change in thousands of euros	Change (in%)
Cost of net financial debt	***-76,091***	***-86,683***	***10,593***	***-12.2%***
Interest cost for rental liabilities	***-7,228***	***-7,060***	***-168***	***2.4%***
Change in the fair value of financial instruments	76,612	-102,754	179,367	
Change in the fair value of ORNANEs	89	4,201	-4,112	
Changes in the fair value of financial instruments	***76,701***	***-98,553***	***175,255***	
Net financial expenses from discounting	0	-353	353	
Foreign exchange gains and losses	-771	328	-1,099	
Discounting and foreign exchange gains or losses	***-771***	***-25***	***-746***	
Exceptional amortisation of loan issue costs	-1,841	-501	-1,340	
Other	-282	12	-294	
Exceptional amortisation of loan issue costs	***-2,123***	***-489***	***-1,634***	
TOTAL FINANCIAL INCOME	**-9,511**	**-192,810**	**183,300**	**-95.1%**

The rise in interest rates impacted the fair value of financial instruments by +€76.6 million. Thus, at 30 June 2021, net financial income amounted to a net expense of -€9.5 million against -€192.8 million at 30 June 2020.

The line "Cost of net financial debt and interest expenses on rental liabilities" of the TFT of €76.9 million corresponds to the cost of net financial debt for €76.1 million restated for the amortisation of loan issue expenses for €7.2 million, interest expense on rental liabilities for €7.2 million and foreign exchange gains and losses for €0.8 million.

2.2.6.9 Taxes payable and deferred tax liabilities

2.2.6.9.1 Accounting principles applicable to current and deferred taxes

SIIC tax regime (French companies)

Opting for the SIIC tax regime involves the immediate liability for an exit tax at the reduced rate of 19% on unrealised capital gains relating to assets and securities of entities not subject to corporation tax. The exit tax is payable over four years, in four instalments, starting with the year the option is taken up. In return, the company is exempted from income tax on the SIIC business and is subject to distribution obligations.

(1) Exemption of SIIC revenues

The revenues of the SIIC are exempt from taxes concerning:

- income from the leasing of assets
- capital gains realised on asset disposals, investments in companies having opted for the tax treatment or companies not subject to corporation tax in the same business, as well as the rights under a lease contract and real estate rights under certain conditions
- dividends of SIIC subsidiaries.

(2) Distribution obligations

The distribution obligations associated with exemption profits are the following:

- 95% of the earnings derived from asset leasing
- 70% of the capital gains from disposals of assets and shares in subsidiaries having opted for the tax treatment or subsidiaries not subject to corporation tax with a SIIC corporate purpose for two years
- 100% of dividends from subsidiaries that have opted for the tax treatment.

The Exit Tax liability is discounted on the basis of the initial payment schedule determined from the first day the relevant entities adopted SIIC status.

The liability initially recognised is discounted and an interest charge is applied at each closing, allowing the liability to reflect the net discounted value as at the closing date. The discount rate used is based on the yield curve, given the deferred payment.

As at 30 June 2021, there are no exit tax liabilities on the balance sheet.

Ordinary law regime and deferred taxes

Deferred taxes result from temporary differences in taxation or deduction and are calculated using the liability method, and on all temporary differences in the company financial statements, or resulting from consolidation adjustments. The valuation of the deferred tax assets and liabilities must reflect the tax consequences that would result from the method by which the company seeks to recover or settle the book value of its assets and liabilities at year-end. Deferred taxes are applicable to Covivio group entities that are not eligible for the SIIC tax regime.

A deferred tax asset is recognised in the case of deferrable tax losses in the likely event that the entity in question, not eligible for the SIIC regime, will have taxable future profits against which the tax losses may be offset.

In the case where a French company intends to opt directly or indirectly for SIIC tax treatment in the near future, an exception under the ordinary law regime is applied by anticipating the application of the reduced rate (exit tax) in the valuation of deferred taxes.

SIIQ tax regime (Italian companies)

Following Beni Stabili's merger with Covivio, the tax arrangements for Covivio's permanent establishment in Italy changed after it left the SIIQ tax regime. It is now subject to the 20% tax on real estate companies.

SOCIMI tax regime (Spanish companies)

The Spanish companies held by Covivio Hotels opted for the SOCIMI tax regime, effective on 1 January 2017. Opting for SOCIMI does not trigger an exit tax upon making the option. However, the capital gains on the period outside of the SOCIMI regime during which assets were held are taxable when disposing of said assets.

The rental income from the leasing of assets and proceeds from disposals of assets held under the SOCIMI regime are tax exempt, provided 80% of rental profits and 50% of asset disposal profits are distributed. These capital gains are determined by allocating the taxable gains to the period outside the SOCIMI regime in a linear basis, over the total holding period.

2.2.6.9.2 Taxes and theoretical tax rate by geographical area

(In € thousand)	Taxes payable	Deferred tax	Total	Deferred tax rate	
France	-188	-240	-428	25.83%	(1)
Italy	-742	-9,632	-10,374	20.00%	(2)
Germany	-5,855	-90,865	-96,720	15.83%	(3)
Belgium	-463	806	343	25.00%	(4)
Luxembourg	-255	-4,267	-4,522	24.94%	
United Kingdom	47	-3,807	-3,760	25.00%	(5)
Netherlands	-527	-2,780	-3,307	25.00%	(6)
Portugal	-197	-308	-505	22.50%	
Spain	0	1,527	1,527	25.00%	
Ireland	0	89	89	33.00%	(7)
Poland	0	-6	-6	9.00%	
Hungary	-300	-1,236	-1,536	9.00%	
Czech Republic	-296	79	-217	19.00%	
TOTAL	**-8,775**	**-110,640**	**-119,415**		

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

(1) In France, the tax rate for the 2021 financial year is 27.4%. The tax rate will be 25.83% from fiscal year 2022.
(2) Since the merger with Covivio and its exit from the SIIQ regime, Covivio in Italy has been subject to a 20% tax rate.
(3) In Germany, the tax rate on property goodwill is 15.83%, however, for companies in the hotel operations business line, tax rates vary between 30.18% and 32.28%.
(4) In Belgium, the tax rate for the 2021 financial year is 25%.
(5) In the United Kingdom, the tax rate used for the 2021 financial year is 25%, compared to 19% in 2020.
(6) In the Netherlands, the rate for the 2021 financial year is 25%.
(7) In Ireland, the tax rate for the 2021 financial year is 12.5% for operating activities, 25% for holding companies and 33% for capital gains on disposals.

Taxes due in connection with disposals amounted to €2.1 million, exclusively for the German Residential segment.

Impact of deferred taxes on income

(In € thousand)	30/06/2021	30/06/2020	Change
Italy Offices	-7,302	-4,604	-2,698
Germany Offices	2,338	-3,001	5,339
Hotels in Europe	-22,449	20,072	-42,521
Germany Residential	-83,293	-39,815	-43,478
Other	66	70	-4
TOTAL	**-110,640**	**-27,278**	**-83,362**

- In Italy Offices, the deferred tax expense mainly relates to a change in the value of assets and SIINQ income that will become taxable when they are distributed to Covivio.
- In Germany Offices, the deferred tax income is mainly related to the activation of deferred tax assets on tax loss carry forwards.
- The deferred tax expense of the Hotels in Europe is related to the cancellation of deferred tax assets on the portfolio in the United Kingdom for -€5.1 million and to a reversal of the deferred tax assets on tax loss carry forwards registered in 2020 on the Rock en Murs et Fonds portfolio for -€10.9 million.
- The deferred tax expense of German Residential mainly relates to an increase in the value of assets.

2.2.7 Other information

2.2.7.1 Personnel remuneration and benefits

2.2.7.1.1 Staff costs

At 30 June 2021, personnel expenses amounted to €64.3 million (compared with €69.3 million at 30 June 2020), breaking down as follows:

(In € thousand)	30/06/2021	30/06/2020
EBITDA from Hotel Operating activity and Flex Office	-12,992	-18,130
Overheads*	-37,737	-41,510
Income from asset disposals	-1,563	-1,964
TOTAL PERSONNEL EXPENSES IN THE STATEMENT OF NET INCOME	**-52,292**	**-61,604**
Development and promotion projects	-11,966	-7,704
TOTAL CAPITALISED PERSONNEL EXPENSES	**-11,966**	**-7,704**
TOTAL PERSONNEL EXPENSES	**-64,258**	**-69,308**

* Including free share expenses: €4.7 M.

Personnel expenses included in the EBITDA from Hotel Operating activity and Flex Office item recorded a decrease of -€5.1 million related to the closure of some hotels during most of the first half and to the recourse to furlough measures. In this respect, the Group received grants amounting to approximately €7.4 million (short-time working, payment grants or exemption from employer contributions).

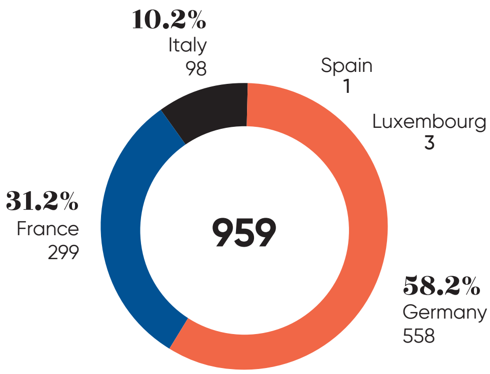
The Overheads item includes personnel expenses of €37.7 million, a decrease of €3.8 million compared to 30 June 2020. This decrease is mainly due to the sale of Revalo in Italy Offices (+€1.9 million) in connection with the decrease in operating revenues (see section 2.2.6.2.4), the decrease in personnel expenses in Germany Residential (+€1.5 million) and departures from employees in Germany Offices (+€0.9 million).

It should be noted that the expense on free shares increased by €1.8 million compared to 30 June 2020. Indeed, the decrease in the share price between 31 December 2019 and 30 June 2020 had a positive impact on the URSSAF charge on free shares (income of €2.0 million in 2020 compared to a charge of €0.4 million in 2021).

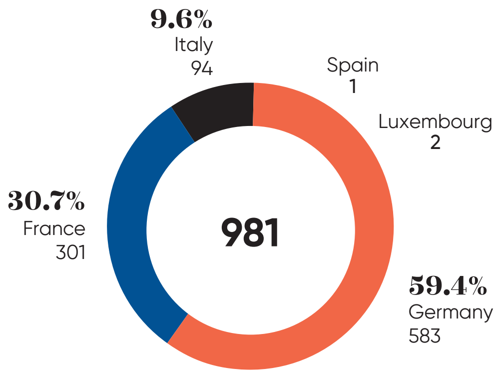
Headcount

At 30 June 2021, the headcount of fully consolidated companies, excluding companies in the Operating Properties business line, was 959 compared with 981 at 31 December 2020.

Headcount by country in number of employees



Headcount in 2021



Headcount in 2020

The average headcount during 2021 was 960 employees.

For the period, the companies in the Operating Properties business line had an average headcount of 1,056 people *versus* 1,074 as at 31 December 2020.

2.2.7.1.2 Description of share-based payments

Covivio awarded free shares in 2021. The following assumptions were made for the free shares:

Plan of 17 February 2021	Corporate officers – with performance condition plan 1	Corporate officers – with performance condition plan 2	Corporate officers and/or employees – no plan 3 performance condition
Date awarded	17/02/2021	17/02/2021	17/02/2021
Number of shares awarded	28,212	28,213	5,250
Share price on the date awarded	€64.80	€64.80	€64.80
Exercise period for rights	3 years	3 years	3 years
Cost of forfeiture of dividends	-€11.00	-€11.00	-€11.00
Actuarial value of the share net of dividends not collected during the vesting period	€53.80	€53.80	€53.80
Revenue-related discount:			
In number of shares	4,583	4,583	853
As percentage of share price on the date awarded	16%	16%	16%
Value of the benefit per share	€28.85	€32.46	€43.27

During the first half of 2021, the total number of free shares awarded was 61,675 (balance of 48,629 shares at 30 June 2021 following the departure of employees). As stated elsewhere, the corresponding expense is recognised in income over the entire vesting period.

The cost of the free share awards recognised at 30 June 2021 amounted to €3,898 thousand, while the related social security contribution (URSSAF) was estimated at €380 thousand (charge). In addition, the URSSAF expenses paid in March 2021 for the shares vested from the 2018 plans were reclassified as free share expenses in the amount of €414 thousand. These expenses are presented in the income statement on the "Overheads" line.

The cost of the free shares includes the impact of the 2018 plan for €1,328 thousand, the 2019 plan for €898 thousand, the 2020 plan for €1,452 thousand, and the 2021 plan for €220 thousand.

2.2.7.2 Earnings per share and diluted earnings per share

Earnings per share (IAS 33)

Basic earnings per share are calculated by dividing the income attributable to holders of ordinary Covivio shares (the numerator) by the average weighted number of ordinary shares outstanding (the denominator) over the period.

To calculate the diluted earnings per share, the average number of shares outstanding is adjusted to reflect the conversion of all dilutive potential ordinary shares, including free shares being vested and convertible bonds (ORNANE) type.

The impact of the dilution is only taken into account if it is dilutive.

The dilutive effect is calculated using the treasury stock method. The number calculated using this method is added to the average number of shares outstanding and becomes the denominator. To calculate the diluted earnings, the income attributable to the holders of ordinary Covivio shares is adjusted by:

- all dividends or other items under potentially dilutive ordinary shares that were deducted to arrive at the income attributable to the holders of ordinary shares
- interest recognised during the fiscal year to the potentially dilutive ordinary shares
- any change in the income and expenses resulting from the conversion of the dilutive potential ordinary shares.

	Net income
GROUP SHARE (IN € THOUSAND)	**466,859**
Average number of undiluted shares	**94,318,440**
Total dilution impact	**455,424**
Stock options	*0*
*Number of free shares**	*455,424*
Average number of diluted shares	94,773,864
UNDILUTED EARNINGS PER SHARE (IN EUROS)	**4.95**
Impact of dilution – Free shares (in euros)	**-0.02**
DILUTED EARNINGS PER SHARE (IN EUROS)	**4.93**

** The number of shares being vested is broken down according to the following plans:*

2018 plan	*141,550*
2019 plan:	*97,780*
2020 plan	*167,465*
2021 plan	*48,629*
Total	***455,424***

2.2.7.3 Related-party transactions

The information mentioned below concerns the main related-parties, namely equity affiliates.

Details of related-party transactions (€K)

Partner	Type of partner	Operating income	Net financial income	Balance sheet	Comments
Cœur d'Orly	Equity affiliates	215	0	11,938	Monitoring of projects and investments, Loans, Asset and property fees
Euromed	Equity affiliates	141	0	28,596	Loans, Asset and property fees
Lenovilla	Equity affiliates	408	0	19,939	Loans, Asset and property fees
SCI Factor E and SCI Orianz	Equity affiliates	62	128	17,269	Loans, Asset and property fees

2.2.8 Segment reporting

2.2.8.1 Accounting principles as regards operating segments – IFRS 8

The Covivio group holds a wide range of real estate assets to collect rental income and benefit from appreciation in the assets held. Segment reporting is organised by asset type.

The operating segments are as follows:

- France Offices: office real estate assets located in France
- Italy Offices: office real estate and retail assets located in Italy
- Germany Offices: office real estate assets located in Germany held by the Covivio group *via* its subsidiary Covivio Office Holding
- Hotels in Europe: commercial buildings largely in the hotel segment and Hotel Operating properties held by Covivio Hotels
- German Residential: real estate housing assets in Germany held by the Covivio group through its subsidiary Covivio Immobilien SE.

These segments are reported on and analysed regularly by Group management in order to make decisions on what resources to allocate to the segment and to evaluate their performance.

The Other segment includes non-significant activities such as car park rentals and the French Residential business.

2.2.8.2 Intangible assets

2020 – (in € thousand)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	Germany Offices	Other (Incl. French Residential)	Total
Intangible fixed assets and goodwill	6,174	811	135,281	1,048	111	16,781	160,207
NET	**6,174**	**811**	**135,281**	**1,048**	**111**	**16,781**	**160,207**

2021 – (in € thousand)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	Germany Offices	Other (Incl. French Residential)	Total
Intangible fixed assets and goodwill	7,736	665	135,310	838	94	15,271	159,915
NET	**7,736**	**665**	**135,310**	**838**	**94**	**15,271**	**159,915**

The change in intangible assets of +€1.5 million in France Offices is related to expenses incurred as part of an IT project.

The column "Other" includes the intangible fixed assets held under concession (Public Service Delegations) of the remaining car park companies.

2.2.8.3 Tangible fixed assets

2020 – (in € thousand)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	Germany Offices	Other (Incl. French Residential)	Total
Operating properties	206,842	77,280	1,002,747	28,897	5,821	26,408	1,347,995
Other fixed assets	5,120	2,060	24,772	12,485	913	255	45,605
Fixed assets in progress	22,806	3,460	3,973	18,141	9	0	48,389
NET	**234,768**	**82,800**	**1,031,492**	**59,523**	**6,743**	**26,663**	**1,441,989**

2021 – (in € thousand)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	Germany Offices	Other (Incl. French Residential)	Total
Operating properties	215,411	75,467	991,053	36,231	5,466	18,926	1,342,554
Other fixed assets	5,632	2,292	22,400	12,067	835	225	43,451
Fixed assets in progress	14,018	5,702	7,130	712	0	0	27,562
NET	**235,061**	**83,461**	**1,020,584**	**49,010**	**6,301**	**19,151**	**1,413,568**

The change in property, plant and equipment (-€28.4 million) corresponds to the acquisition of equipment (+€1.6 million), advances and down payments on works (+€4.7 million), works for the period (+€17.6 million) less the old components of the Gobelins Flex Office asset following its commissioning (-€7.1 million) and depreciation and amortisation for the period (-€29.7 million).

The works concern in particular the co-working assets (+€ 7.9 million) including Paris Gobelin (+€6.2 million) and Paris Madrid Saint Lazare (+€1.7 million) in France Offices, assets in Walls & Funds (+7.8 million) for Hotels in Europe and the assets of the Germany Residential business (+€0.4 million).

2.2.8.4 Investment properties/Assets held for sale

2020 – (in € thousand)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	Germany Offices	Other (Incl. French Residential)	Total
Investment properties	4,778,934	2,972,811	5,001,696	6,830,679	1,328,177	0	20,912,297
Assets held for sale	236,960	32,661	50,955	13,028	0	1,784	335,388
Investment properties under development	1,177,380	336,900	50,914	0	147,948	0	1,713,142
TOTAL	**6,193,274**	**3,342,372**	**5,103,565**	**6,843,707**	**1,476,125**	**1,784**	**22,960,827**

2021 – (in € thousand)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	Germany Offices	Other (Incl. French Residential)	Total
Investment properties	4,958,066	2,833,459	4,977,902	7,427,538	1,328,139	0	21,525,104
Assets held for sale	44,118	173,461	31,366	14,718	0	770	264,433
Investment properties under development	1,104,680	297,799	47,046	30,977	164,424	0	1,644,926
TOTAL	**6,106,864**	**3,304,719**	**5,056,314**	**7,473,233**	**1,492,563**	**770**	**23,434,463**

In France Offices, the change in the portfolio (€6,107 million in 2021 compared to €6,193 million in 2020) is due to the disposal of 41 assets (-€292.2 million) including Issy-Les-Moulineaux Edo, Lyon Duguesclin and Lezennes Hélios, the change in fair value (+€35.9 million) and works (+€169.8 million).

Three projects under development were delivered for €285.2 million, including Montrouge Flow, Montpellier Rie and Montpellier Orange. A new project under development in Lyon Sévigné has been launched for €8.0 million.

In Italy Offices, the change (-€37.7 million) is related to the disposal of 14 assets (-€78 million) including Milan via Colonna, Venezia via Torino and Torino via Monte Rosa, mitigated by the change in fair value (+€1.4 million) and works during the period (+€38.9 million). Two projects under development were delivered for €79.1 million (€57.3 million Milan via Schievano The Sign B and Milan Schievano The Sign C €21.8 million).

The increase in Germany Residential (+€629.5 million) is mainly due to the effect of changes in asset values (+€459.7 million) and the acquisitions of companies with assets in Berlin (+€141.1 million). It is also linked to works (+€43.4 million), disposals during the period (-€17.7 million) and the transfer of assets in progress (+€3 million).

Five new projects under development were started for €13.4 million on which work was carried out for €5 million during the period.

In Germany Offices, the change in the portfolio (+€16.4 M) is related to the change in the fair value of assets (-€10.8 million) and to works (+€27.2 million) of which €15.6 million of works on the Alexanderplatz project.

The change in Hotels in Europe (-€47.3 million) is mainly due to the change in the fair value of assets (-€64.8 million), to the foreign exchange variation (+€61.4 million) manly linked to the increase in the pound sterling and the impact of disposals (-€51.3 million). It was also impacted by works (+€7.4 million).

2.2.8.5 Financial fixed assets

2020 – (in € thousand)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	Germany Offices	Other (Incl. French Residential)	Total
Loans	77,983	0	67,095	13	0	47	145,138
Other financial assets	652	5,479	202	8,928	0	1,954	17,215
Receivables on financial assets	0	119,354	-0	515	48	0	119,917
Sub-total non-current financial assets	**78,635**	**124,833**	**67,297**	**9,456**	**48**	**2,001**	**282,270**
Investments in equity affiliates	160,131	13,334	187,354	0	0	0	360,819
TOTAL FINANCIAL ASSETS	**238,766**	**138,167**	**254,651**	**9,456**	**48**	**2,001**	**643,089**

2021 – (in € thousand)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	Germany Offices	Other (Incl. French Residential)	Total
Loans	77,972	0	66,724	13	0	45	144,754
Other financial assets	652	6,833	200	8,132	0	1,954	17,771
Receivables on financial assets	0	105,691	1,641	515	48	0	107,895
Sub-total non-current financial assets	**78,624**	**112,524**	**68,565**	**8,660**	**48**	**1,999**	**270,420**
Investments in equity affiliates	160,041	38	188,919	0	0	0	348,999
TOTAL FINANCIAL ASSETS	**238,666**	**112,562**	**257,484**	**8,660**	**48**	**1,999**	**619,419**

Financial assets in the Italy Offices segment decreased due to a decrease in receivables on disposals (-€12 million) and the disposal of the stake in Investire Spa SGR (-€13.3 million).

The increase in financial assets of Hotels in Europe is mainly due to the allocation of the 2020 income of equity-accounted companies (-€2.2 million) and the results of equity-accounted companies (+€3.8 million).

2.2.8.6 Contribution to shareholders' equity

2020 – (in € thousand)	Offices France and Italy	Hotels in Europe	Germany Residential	Germany Offices	Other (Incl. French Residential)	Total
Shareholders' equity Group Share before elimination of securities	*7,375,206*	*1,273,968*	*3,305,700*	*681,846*	*-45,404*	*12,591,316*
Elimination of securities	*0*	*-1,196,093*	*-2,046,830*	*-678,759*	*-87,432*	*-4,009,114*
Shareholders' equity Group Share	**7,375,206**	**77,875**	**1,258,870**	**3,087**	**-132,836**	**8,582,202**
Minority interests	822,849	1,835,344	1,314,012	11,582	2,169	3,985,956
SHAREHOLDERS' EQUITY	**8,198,055**	**1,913,219**	**2,572,882**	**14,669**	**-130,667**	**12,568,157**

2021 – (in € thousand)	Offices France and Italy	Hotels in Europe	Germany Residential	Germany Offices	Other (Incl. French Residential)	Total
Shareholders' equity Group Share before elimination of securities	*7,253,536*	*1,354,718*	*3,610,014*	*682,297*	*-63,967*	*12,836,598*
Elimination of securities	*0*	*-1,308,748*	*-2,046,831*	*-678,759*	*-87,432*	*-4,121,770*
Shareholders' equity Group Share	**7,253,536**	**45,970**	**1,563,183**	**3,538**	**-151,399**	**8,714,828**
Minority interests	811,373	1,945,522	1,445,929	74,342	2,109	4,279,275
SHAREHOLDERS' EQUITY	**8,064,909**	**1,991,492**	**3,009,112**	**77,880**	**-149,290**	**12,994,103**

The increase in equity in the Germany Offices segment is mainly due to the capital increase carried out at the time of the entry of the partners into the Alexanderplatz transaction (+€63 million).

2.2.8.7 Borrowings

2020 – (in € thousand)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	Germany Offices	Other (Incl. French Residential)	Total
Total long-term interest-bearing loans	3,106,896	1,650,411	2,680,705	2,523,517	497,562	0	10,459,091
Total short-term interest-bearing loans	1,330,827	225,785	228,552	50,373	1,475	2	1,837,014
TOTAL LT AND ST LOANS	**4,437,723**	**1,876,196**	**2,909,257**	**2,573,890**	**499,037**	**2**	**12,296,105**

2021 – (in € thousand)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	Germany Offices	Other (Incl. French Residential)	TOTAL
Total long-term interest-bearing loans	3,205,860	1,467,670	2,539,267	2,628,161	500,107	0	10,341,065
Total short-term interest-bearing loans	1,495,024	147,563	119,422	159,798	1,475	36	1,923,318
TOTAL LT AND ST LOANS	**4,700,884**	**1,615,233**	**2,658,689**	**2,787,959**	**501,582**	**36**	**12,264,383**

At 30 June 2021, part of the uncollateralised bank debt for France Offices was reallocated to Italy Offices (+€329 million).

2.2.8.8 Derivatives

2020 – (in € thousand)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	Germany Offices	Other (Incl. French Residential)	Total
Financial instruments – Assets	59,293	0	39,848	238	0	-0	99,379
Financial instruments – Liabilities	199,063	27,658	145,998	53,926	2,363	0	429,008
NET FINANCIAL INSTRUMENTS	**139,770**	**27,658**	**106,150**	**53,688**	**2,363**	**0**	**329,630**

2021 – (in € thousand)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	Germany Offices	Other (Incl. French Residential)	Total
Financial instruments – Assets	42,115	0	25,567	3,183	0	-0	70,865
Financial instruments – Liabilities	158,325	14,988	99,639	41,109	2,007	0	316,068
NET FINANCIAL INSTRUMENTS	**116,210**	**14,988**	**74,072**	**37,926**	**2,007**	**0**	**245,203**

Net financial instruments in Germany Offices relate to the fair value measurement of fixed-rate debts on the acquisition date in accordance with IFRS 3, amortised by the straight-line method over their residual term.

2.2.8.9 Statement of net income by operating segments

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

2020 – (in € thousand)	France Offices	Italy Offices	Germany Offices	Hotels in Europe	Germany Residential	Other (France Residential)	Intercos Inter-sector	30/06/2020
Rental income	121,128	88,177	22,111	75,867	127,692	347	-109	435,213
Unrecovered property operating costs	-7,617	-8,485	-1,990	-1,891	284	-247	-3	-19,949
Expenses on properties	-3,532	-2,231	-845	-1,191	-9,237	-177	3,520	-13,693
Net losses on unrecoverable receivables	-918	-4,092	-153	-1,488	-2,089	35	0	-8,705
Net rental income	**109,061**	**73,369**	**19,123**	**71,297**	**116,650**	**-42**	**3,408**	**392,866**
EBITDA from Hotel Operating activity & Flex Office	**3,312**	**-66**	**0**	**3,366**	**0**	**1**	**0**	**6,613**
Income from other activities	**322**	**0**	**270**	**-11**	**1,233**	**2,427**	**0**	**4,241**
Management and administration income	7,768	2,489	4	7,546	4,182	4,215	-15,977	10,227
Business expenses[1]	-841	-194	-241	-6,279	-972	-66	5,600	-2,993
Overheads	-15,754	-9,824	-3,779	-9,234	-23,914	-6,980	6,484	-63,001
Net operating costs	**-8,827**	**-7,529**	**-4,016**	**-7,966**	**-20,704**	**-2,831**	**-3,893**	**-55,766**
Depreciation of operating assets	-5,058	-910	-481	-19,815	-1,428	-4,180	0	-31,872
Net change in provision and other	-129	37	-631	6,308	12	529	355	6,481
OPERATING INCOME	**98,681**	**64,901**	**14,265**	**53,179**	**95,763**	**-4,096**	**-130**	**322,563**
Net income from inventory properties	**-2**	**-760**	**0**	**0**	**818**	**0**	**0**	**56**
Income from asset disposals	**-1,198**	**-5,456**	**0**	**-443**	**870**	**-44**	**130**	**-6,141**
Income from value adjustments	**89,328**	**-17,633**	**6,305**	**-135,035**	**221,866**	**-20**	**0**	**164,811**
Income from disposal of securities	**0**	**-125**	**0**	**97**	**-36**	**-4**	**0**	**-68**
Income from changes in scope	**-3,903**	**-103**	**-7,356**	**-2,366**	**-449**	**-39**	**0**	**-14,216**
OPERATING RESULT	**182,906**	**40,824**	**13,214**	**-84,567**	**318,832**	**-4,203**	**0**	**467,006**
Cost of net financial debt[2]	-15,957	-11,822	-3,145	-28,953	-25,894	-912	0	-86,683
The interest cost for rental liabilities	-26	-19	-259	-6,540	-3	-213	0	-7,060
Value adjustment on derivatives	-30,134	-6,303	356	-40,076	-22,396	0	0	-98,553
Discounting and foreign exchange gains or losses	-353	0	0	328	0	0	0	-25
Exceptional amortisation of loan issue costs	0	-68	0	-246	-175	0	0	-489
Share of income from companies accounted for under the equity method	1,057	201	0	-6,897	0	0	0	-5,639
PRE-TAX NET INCOME	**137,493**	**22,813**	**10,166**	**-166,952**	**270,364**	**-5,328**	**0**	**268,556**
Deferred tax	0	-4,604	-3,001	20,072	-42,162	2,417	0	-27,278
Corporate taxes	147	0	-384	-13,040	-2,548	-80	0	-15,905
NET INCOME FOR THE PERIOD	**137,640**	**18,209**	**6,781**	**-159,920**	**225,654**	**-2,991**	**0**	**225,373**
Net income from non-controlling interests	-24,678	-11,673	-3,277	89,505	-80,997	11	0	-31,110
NET INCOME FOR THE PERIOD – GROUP SHARE	**112,962**	**6,536**	**3,504**	**-70,415**	**144,657**	**-2,980**	**0**	**194,264**

(1) Development costs (not capitalised) which were on a distinct line of the income statement at 30 June 2020 for -€691 thousand are now included in the item Business expenses.

(2) Income from non-consolidated companies, which appeared on a separate line of the income statement as of 30 June 2020 for €5 thousand is now included in the post "cost of financial debt (net)".

2021 – (in € thousand)	France Offices	Italy Offices	Germany Offices	Hotels in Europe	Germany Residen-tial	Other (France Residen-tial)	Intercos Inter-sector	30/06/2021
Rental income	110,808	78,705	20,244	78,623	134,929	18	-143	423,184
Unrecovered property operating costs	-9,075	-8,663	-2,237	-1,761	-959	-193	-3	-22,891
Expenses on properties	-3,805	-2,601	-892	-1,325	-9,282	-57	3,511	-14,451
Net losses on unrecoverable receivables	263	1,254	-545	-1,176	-1,900	25	0	-2,079
Net rental income	**98,191**	**68,695**	**16,570**	**74,362**	**122,788**	**-207**	**3,365**	**383,764**
EBITDA from Hotel Operating activity & Flex Office	**3,347**	**873**	**0**	**-3,796**	**0**	**0**	**0**	**424**
Income from other activities	**1,854**	**5,448**	**29**	**0**	**7,090**	**765**	**28**	**15,214**
Management and administration income	7,308	103	598	6,530	2,156	4,088	-14,920	5,863
Business expenses	-1,000	-181	-412	-5,912	-616	-74	5,388	-2,806
Overheads	-14,428	-6,975	-2,816	-9,845	-23,060	-6,046	5,932	-57,238
Net operating costs	**-8,120**	**-7,053**	**-2,630**	**-9,226**	**-21,520**	**-2,032**	**-3,600**	**-54,181**
Depreciation of operating assets	-12,463	-1,594	-460	-18,828	-1,698	-3,573	0	-38,616
Net change in provision and other	1,127	149	0	7,594	51	65	207	9,193
OPERATING INCOME	**83,936**	**66,518**	**13,509**	**50,106**	**106,711**	**-4,982**	**0**	**315,798**
Net income from inventory properties	**0**	**-623**	**0**	**0**	**679**	**0**	**0**	**56**
Income from asset disposals	**3,465**	**3,333**	**-6**	**-168**	**1,994**	**24**	**0**	**8,642**
Income from value adjustments	**35,966**	**1,420**	**-10,790**	**-64,753**	**459,658**	**0**	**0**	**421,501**
Income from disposal of securities	**-365**	**460**	**0**	**-112**	**2,806**	**0**	**0**	**2,789**
Income from changes in scope	**-344**	**-18**	**-398**	**-117**	**0**	**0**	**0**	**-877**
OPERATING RESULT	**122,658**	**71,090**	**2,315**	**-15,044**	**571,848**	**-4,958**	**0**	**747,909**
Cost of net financial debt	-14,195	-10,370	-2,955	-29,747	-18,921	97	-0	-76,091
The interest cost for rental liabilities	-46	-7	-227	-6,793	-3	-152	0	-7,228
Value adjustment on derivatives	18,529	1,924	356	41,339	14,553	0	0	76,701
Discounting and foreign exchange gains or losses	0	0	0	-771	0	0	0	-771
Exceptional amortisation of loan issue costs	-536	-595	0	-524	-468	0	0	-2,123
Share of income from companies accounted for under the equity method	7,307	5	0	3,792	0	0	0	11,103
PRE-TAX NET INCOME	**133,717**	**62,047**	**-511**	**-7,748**	**567,009**	**-5,013**	**0**	**749,501**
Deferred tax	0	-7,302	2,338	-22,449	-83,293	66	0	-110,640
Corporate taxes	-171	-646	-2	-2,544	-5,393	-19	0	-8,775
NET INCOME FOR THE PERIOD	**133,546**	**54,099**	**1,825**	**-32,741**	**478,323**	**-4,966**	**0**	**630,085**
Net income from non-controlling interests	9,913	-17,141	343	15,978	-172,362	45	0	-163,224
NET INCOME FOR THE PERIOD – GROUP SHARE	**143,459**	**36,958**	**2,168**	**-16,763**	**305,961**	**-4,921**	**0**	**466,861**

2.2.9 Post-balance sheet events

On July 20th 2021, Covivio hotels priced a €500 million bond, maturing in 2029, with a fixed coupon of 1.0%.

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Statutory's auditor's report

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

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

To the Shareholders,

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

- the review of the accompanying condensed half-yearly consolidated financial statements of Covivio, for the period from January 1, 2021 to June 30, 2021,
- the verification of the information presented in the half-yearly management report.

Due to the global crisis related to the Covid-19 pandemic, the condensed half-yearly consolidated financial statements of this period have been prepared and reviewed under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of our procedures.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

2. Specific verification

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

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

Courbevoie and Paris-La Défense, July 28, 2021

The Statutory Auditors

French original signed by

MAZARS

Claire Gueydan

ERNST & YOUNG et Autres

Anne Herbein

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Certificaton of the preparer

Certification of the preparer

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

30 July 2021,

Monsieur Christophe Kullmann
Chief Executive Office
Person in Charge of the Financial Information

5 Glossary

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

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

Operating assets

Properties leased or available for rent and actively marketed.

Rental activity

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

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

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

Cost of development projects

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

Definition of the acronyms and abbreviations used:

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

Firm residual term of leases

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

Green Assets

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

Unpaid rent (%)

Unpaid rent corresponds to the net difference between charges, reversals and unrecoverable loss of income divided by rent invoiced. These appear directly in the income statement under net cost of unrecoverable 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 taking into account deferment of any relief granted to tenants, in accordance with IFRS standards.

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

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

Portfolio

The portfolio presented includes investment properties, properties under development, as well as operating properties and properties in inventory for each of the entities, stated at their fair value. For the Hotel Operating properties it includes the valuation of the portfolio consolidated under the quity method. For offices in France, the portfolio includes asset valuations of Euromed and New Vélizy, which are consolidated under the equity method.

Projects

- Committed projects: these are projects for which promotion or construction contracts have been signed and/or work has begun and has not yet been completed at the closing date. The delivery date for the relevant asset has already been scheduled. They might pertain to VEFA (pre-construction) projects or to the repositioning of existing assets.
- Managed projects: These are projects that might be undertaken and that have no scheduled delivery date. In other words, projects for which the decision to launch operations has not been finalised.

Yields/return

The portfolio returns are calculated according to the following formula:

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

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

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

EPRA Earnings

EPRA Earnings is defined as "the recurring result from operating activities". It is the indicator for measuring the company's performance, calculated according to EPRA's Best Practices Recommendations. The EPRA Earnings per share is calculated on the basis of the average number of shares (excluding treasury shares) over the period under review.

- Calculation:

(+) Net Rental Income

(+) EBITDA of hotels operating activities and *Coworking*

(+) Income from other activities

(-) Net Operating Costs (including costs of structure, costs on development projects, revenues from administration and management)

(-) Depreciation of operating assets

(-) Net change in provisions and other

(-) Cost of the net financial debt

(-) Interest charges linked to finance lease liability

(-) Net change in financial provisions

(+) EPRA Earnings of companies consolidated under the equity method

(-) Corporate taxes

(=) EPRA Earnings

Surface

SHON: Gross surface

SUB: Gross used surface

Debt interest rate

- **Average cost:**

$$\frac{\text{Financial Cost of Bank Debt for the period} + \text{Financial Cost of Hedges for the period}}{\text{Average cost of debt outstanding in the year}}$$

- **Spot rate:** Definition equivalent to average interest rate over a period of time restricted to the last day of the period.

Occupancy rate

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

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

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

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

Like-for-like change in rent

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

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

Given specificities and common practices in German Residential, the Lile-for-Like change is computed based on the rent in €/m^2 spot N *versus* N-1 (without vacancy impact) on the basis of accounted rents.

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

Restatement done:

- deconsolidation of acquisitions and disposals realized on the N and N-1 periods
- restatements of assets under works, *i.e.*:
  - restatement of released assets for work (realized on N and N-1 years)
  - restatement of deliveries of assets under works (realized on N and N-1 years).

Like-for-like change in value

This indicator is used to compare asset values from one financial year to another without accounting for changes in scope: acquisitions, disposals, developments including the vacating and delivery of properties.

The like-for-like change presented in portfolio tables is a variation taking into account Capex works done on the existing portfolio. The restated like-for-like change in value of this work is cited in the comments section. The current scope includes all portfolio assets.

Restatement done:

- deconsolidation of acquisitions and disposals realized on the period
- restatement of work realized on asset under development during the N period.

covivio.eu

30 avenue Kléber - 75116 Paris
Tél. : +33 (0)1 58 97 50 00