



FINANCIAL INFORMATION

HALF-YEAR 2024

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1. ACTIVITY REPORT AT 30 JUNE 2024

Hotel market: good first-half performance

H1 2024 performance in Europe improved on 2023. At the end of May 2024, RevPAR (revenue per available room) was up 4% on average, as the European market kept up its momentum, bolstered by the increase in occupancy rates and average prices. The best performances were recorded in Southern Europe, notably Spain and Italy, which were up 15% and 8%, respectively. Germany continued to catch up, posting a 4% increase in RevPAR. Meanwhile, France posted more moderate RevPAR growth at 1%, impacted by the postponement of travel plans in the run-up to the Paris Olympics.

<u>RevPAR Growth in Europe in the First Half of the Year* In Europe...</u>	<u>...thanks to the increase in average prices...</u>	<u>...and the improvement in occupancy rates</u>
vs. H1 2023*	vs. H1 2023*	vs. H1 2023*
 +15%	+10%	+3.5pt
 +8%	+7%	+0.8pt
 +4%	+1%	+1.5pt
 +4%	+3%	+0.7pt
 +1%	+0.4%	+0.4pt
 +1%	+2%	-0.6pt

* Cumulative results as of the end of May 2024 vs 2023
Source : MKG

These trends are set to continue through June, with performance boosted by Euro 2024 in Germany but declining in Paris in pre-Olympics period.

Memorandum of understanding signed by Covivio Hotels and AccorInvest

In June 2024, Covivio Hotels and AccorInvest signed a memorandum of understanding to consolidate the ownership of jointly owned hotel operating and property companies, in accordance with the terms defined at the start of exclusive negotiations in November 2023. The transaction is expected to be closed in the final quarter of 2024. The memorandum concerns the acquisition by Covivio Hotels of 24 hotel operating companies¹ - allowing the consolidation of these hotels, which will be owned and operated by Covivio Hotels – in exchange for the transfer to AccorInvest of title to 10 other hotels, which will then be owned and operated by AccorInvest. The agreed value of the property companies transferred to AccorInvest is €208 million², while the value of the operating companies acquired by Covivio Hotels is €266 million³. Based on 2023 figures, the assets transferred to AccorInvest represent annual rental income of €11 million, while the operating companies acquired by Covivio Hotels generate EBITDA of around €31 million.

The deal enables Covivio Hotels to acquire operating companies in major tourist areas with considerable potential for value creation through repositioning and management optimisation. Some of these hotels will continue to operate under Accor brands (under management or franchise agreements), while others will be rebranded.

¹ Through the acquisition of shares in hotel operating companies.

² Excluding transfer taxes.

³ Including transfer taxes.

The agreement also concerns the hotels held under joint ventures by Covivio Hotels, which is also the indirect owner and asset manager of another 60 hotels leased to AccorInvest and held through two joint ventures created in 2010 and 2019, respectively. One of these is 80% owned by Crédit Agricole Assurances and 20% by Covivio Hotels, and the other is owned by Caisse des Dépôts et Consignations, Société Générale Assurances, and Covivio Hotels. The memorandum provides for the acquisition by Covivio Hotels and its partners of 19 operating companies held by these two joint ventures (thereby enabling them to be consolidated as properties owned and operated by Covivio Hotels and its partners) in exchange for the transfer to AccorInvest of six other hotels, which will then be owned by AccorInvest.

These consolidation transactions for Covivio Hotels and the joint ventures represent a total of €393 million¹ for the hotel property companies sold by Covivio Hotels and its partners, equivalent to that of the operating companies owned and operated by the companies whose shares will be acquired. Upon completion, Covivio Hotels and its partners will have consolidated ownership of 43 hotels and AccorInvest 16.

This hotel exchange transaction will allow Covivio Hotels to reposition a large part of its portfolio and increase its ability to directly influence performance, thereby exploiting a major source of potential growth.

€77 million in new disposal commitments signed

Covivio Hotels signed new disposal commitments totalling €77 million Group Share (€83 million at 100%) during the first half, including four hotels in Germany (€31 million), one hotel in Spain (€17 million) and 13 assets in France (€30 million), including three Accor-branded hotels.

The commitments were signed at a margin of around 11% over end-2023 appraisal values, reflecting strong investor appetite for the hotel industry.

Slight increase in like-for-like values

At the end of June 2024, Covivio Hotels held a portfolio worth €5,821 million (€6,432 million at 100%), characterised by:

- high-quality locations: the average grade given for "location" by customers on Booking.com is 8.9/10;
- a diversified portfolio in terms of country (12 countries, none representing more than 33% of the total portfolio) and segment (68% economy/midscale and 32% upscale);
- long-term leases with the major hotel operators: 16 operators with an average firm residual lease term of 11.8 years.

Group Share (€ millions, excluding duties)	Value 2023	Value H1 2024	H1 LfL change ¹	Yield 2023 ²	Yield H1 2024 ²
Hotel lease properties	4 434	4 464	0.6%	5.8%	5.9%
Hotel Operating properties	1 337	1 357	0.0%	6.2%	6.3%
Total Hotels	5 771	5 821	0.5%	5.9%	6.0%
Non-Stratégic (Retail)	51	45	10.7%	N/A	N/A
Total Covivio Hotels	5 822	5 866	0.4%	5.8%	6.0%

¹ LfL : Like-for-like

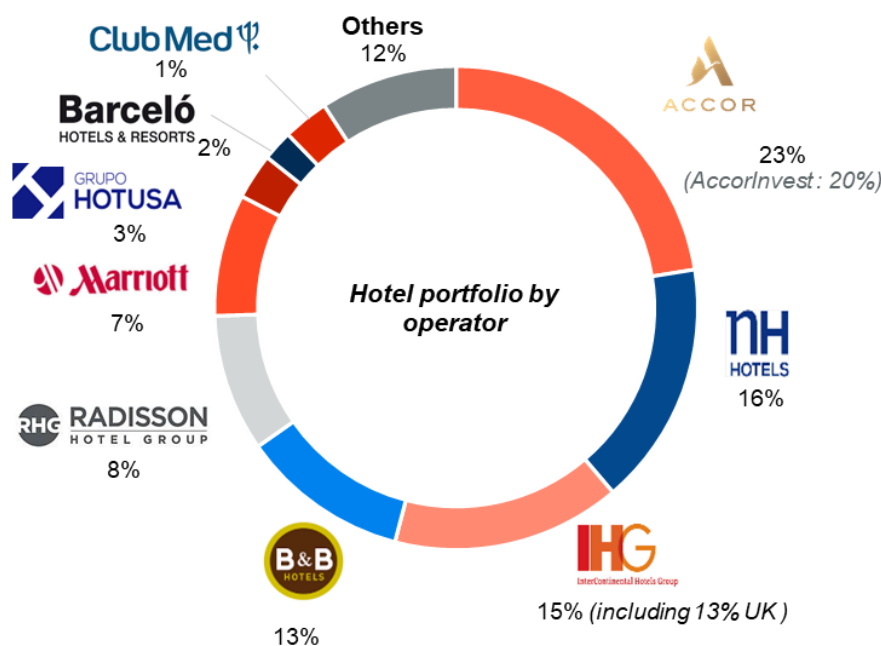
² Yield excluding duties

At like-for-like scope, the hotel portfolio was up 0.5% over six months. This change is primarily attributable to the stabilisation of capitalisation rates and continued revenue growth driven by the good performance of variable-revenue hotels and fixed-rent indexation.

The hotel portfolio has a 6.0% average yield excluding transfer duties.

¹ Including transfer taxes.

Hotel portfolio breakdown at 30/06/2024



Revenue growth: +5% like-for-like

The good first-half performance by the hotel market resulted in hotel portfolio revenue growth of 5.2% like-for-like, with revenues totalling €153.7 million compared to €150.1 million at 30 June 2023.

€ million	Income	Income	Income	Income	Change Group Share (%)	Change Group Share LFL (%) ^(*)
	H1 2023	H1 2023	H1 2024	H1 2024		
	100%	Group Share	100%	Group Share		
Lease properties - Variable	32.3	32.3	35.6	35.6	10.0%	9.3%
Lease properties - Fixed	93.5	87.1	96.2	89.5	2.7%	4.4%
Operating properties - EBITDA	31.6	30.7	29.6	28.7	-6.6%	2.9%
Total revenues Hotels	157.4	150.1	161.4	153.7	2.4%	5.2%
Non-strategic (Retail)	1.9	1.9	1.7	1.7	-9.5%	-9.3%
Total revenues Covivio Hotels	159.3	152.0	163.1	155.4	2.2%	5.0%

(*) On a like for like basis

Hotel lease properties (81% of hotels revenue)

- Variable-rent hotels (23% of the hotels revenue): the portfolio is mainly let to AccorInvest, in France and Belgium, and also includes the variable-rent portion of the minimum guaranteed rent leased assets located in Spain, Italy, and the UK. The 9.3% like-for-like year-on-year increase was driven by the excellent performance from hotels in Southern Europe.
- Fixed-rent hotels (58% of the hotel revenue): rents up 4.4% like-for-like, mainly due to rental indexation (up 5.6% in France, 3.8% in Germany, and 3.6% in Spain).

The occupancy rate remained at 100% across the hotel portfolio.

Hotel operating properties (19% of hotel revenue)

Most of these hotels are located in Germany (mainly Berlin) and France. Like-for-like EBITDA for operating properties rose 2.9% year-on-year, mainly driven by good hotel performances in Germany. In addition, the hotels located in Bruges are subject to a work programme.

Successful refinancing, competitive debt cost, and strengthened liquidity

Two new financing arrangements totalling €729 million were secured during the first half of the year, enabling the company to refinance upcoming debt payments. In particular, in May 2024 Covivio Hotels carried out a €500 million Green Bond issue with nine-year maturity and a 4.125% coupon (148 bp spread over mid-swap rate). The fixed rate of the issue was largely swapped for a floating rate in order to leverage the Group's hedging position.

Covivio Hotels net debt rose from €2,260 million Group Share at 31 December 2023 to €2,373 million. Over the same period, the average interest rate improved by 11 bps, falling from 2.43% to 2.32% at the end of June 2024, while the average maturity increased from 3.6 to 5.1 years. Covivio Hotels had a strengthened debt coverage ratio of 96% at the end of June 2024 (compared with 89% at the end of 2023), with a high hedging maturity of 6.0 years.

At 30 June 2024, the loan-to-value ratio (LTV) stood at 36.1%. The interest coverage ratio (ICR) was 5.94x, a further improvement compared to the end of 2023 (5.38x).

Covivio Hotels held cash (including undrawn credit lines) of €616 million at 30 June 2024.

As part of its annual review, S&P Global Ratings confirmed Covivio Hotels' BBB+ stable outlook rating, in line with the overall Covivio rating. This confirmation recognises the solidity of the company's operational and financial profile.

S&P also upgraded Covivio Hotels' stand-alone rating from BB+ to BBB-.

Recurring net income growth of 7% in H1 2024

H1 2024 recurring net income (EPRA Earnings) came to €119.5 million, up 6.6% from €112.1 million a year earlier, boosted by revenue growth. EPRA Earnings per share amounted to €0.81, up 6.6% from €0.76 the previous year.

EPRA NTA (net tangible assets) stood at €3,505 million, compared with €3,550 million at the end of 2023. This amounted to €23.7 per share, down 1.3% compared to the end of 2023, despite the impact of the dividend payment.

Taking into account the fair value adjustment of interest rate hedges and fixed-rate debt, the EPRA NDV (net disposal value) was €3,472 million, from €3,512 million at end-December 2023, down 1.1%. It stands at €23.4/share.

1.1. Net financial income

1.1.1. General principles

The interim condensed consolidated financial statements were prepared in compliance with international accounting standard IAS 34 Interim Financial Reporting, as adopted by the European Union. The rules and methods applied are identical at 31 December 2023.

1.1.2. Statement of interim net income

Group Share revenues

On a Group Share basis, Covivio Hotels Group Share revenue totalled €155.4 million for the first half-year of 2024, up by 2.2% compared to June 2023. On a like-for-like basis, hotel fixed rents were up by 4.4%, hotel variable rents by 9.3% and EBITDA from hotel operating properties increased by 2.9% compared to June 2023. This increase is linked to the momentum in Southern Europe of the activity observed during the half-year and the end of the lockdown measures in Europe.

(In € million)	Revenues H1 2023 100%	Revenues H1 2023 COVH QP	Revenues H1 2024 100%	Revenues H1 2024 COVH QP	Revenues T1 2024 COVH QP	Revenues T2 2024 COVH QP	Change (%) COVH QP	Change COVH QP (%) LfL ¹	% of revenues
Lease properties - Variable	32,3	32,3	35,6	35,6	14,3	21,3	10,0%	9,3%	23,1%
Lease properties - Fixed	93,5	87,1	96,2	89,5	44,9	44,6	2,7%	4,4%	58,2%
Operating properties - EBITDA	31,6	30,7	29,6	28,7	5,2	23,5	-6,6%	2,9%	18,6%
Total revenues Hotels	157,4	150,1	161,4	153,7	64,4	89,3	2,4%	5,2%	100,0%
Non-strategic (Retail)	1,9	1,9	1,7	1,7	0,9	0,9	-9,5%	-9,3%	n.a.
Total	159,3	152,0	163,1	155,4	65,3	90,2	2,2%	5,0%	n.a.

1: Like for Like = like-for-like scope

Operating income, Group Share

Operating income, Group Share amounted to €153.1 million at 30 June 2024, compared with €90.1 million at 30 June 2023. This change is mainly due to the change in the fair value of investment properties (+€57 million).

Net financial income, Group Share

Financial income mainly consists of:

- The cost of net financial debt for -€27.6 million, down €1.8 million compared to June 2023, in line with the decrease in the cost of debt;
- The financial expense on lease liabilities (-€7.8 million), generated by the application of IFRS 16, which consists of restating leases in the same way as finance leases;
- The positive change in the fair value of financial assets and liabilities for €19 million, taking into account changes in interest rates;
- Foreign exchange income related to our British, Polish, Hungarian and Czech portfolios for €0.4 million compared to €0.4 million at 30 June 2023.

1.1.3. EPRA Earnings

EPRA Earnings amounted to €119.5 million at 30 June 2024. It is up by 6.6% compared to 2023. Per share, the EPRA Earnings amounted to €0.81 at 30 June 2024, compared with €0.76 on the same date in 2023, *i.e.* an increase of 6.6%.

	30/06/2023	30/06/2024
Net income Group Share	62,1	133,3
- Variation in asset values	39,1	-18,4
- Income from asset disposals	0,3	-3,5
- impairment GW Operating Properties	1,9	0,8
- Variations in the value of financial instruments	-8,3	-19,0
- foreign exchange loss on CAPEX Hungary	0,0	0,0
- Provision for Operating Properties taxes	-7,3	0,0
- Interest expense on lease liabilities of more than 100 years	5,1	5,4
- Rental charges for leases of more than 100 years	-3,7	-3,8
- Deferred tax	-1,9	6,1
- Taxes on disposals	0,0	0,0
- Depreciation of properties managed as Operating Properties	20,7	17,8
- IFRIC 21 adjustment	2,1	2,5
- Fees and amortisation of loan costs for early repayment	0,1	0,7
- Adjustment of Epra Earnings of equity-accounted companies	2,0	-2,5
EPRA Earnings	112,1	119,5
EPRA Earnings in €/share	0,76	0,81
Average number of shares in circulation	148 135 050	148 134 973

1.1.4. Half-yearly consolidated statement of financial position at 30 June 2024

The simplified consolidated balance sheet (Group Share) at 30 June 2024 is as follows:

Assets	31/12/2023	30/06/2024	Liabilities	31/12/2023	30/06/2024
Tangible and intangible assets	1 190	1 190			
Investment property	4 425	4 252			
Investments in equity affiliates	205	207			
Financial assets	72	71	Shareholders' equity	3,387	3 324
Deferred tax assets	23	16	Borrowings	2 361	2 836
Financial instruments	178	201	Financial instruments	69	82
Assets held for sale	162	362	Rental liability	289	294
Cash	101	463	Deferred liabilities	206	206
Others	104	158	Others	146	179
Total	6 458	6 920		6 458	6 920

Tangible and intangible assets were stable under the double effect of depreciation and fixed assets in progress (-€20.5 million and € 17.7 million respectively) and the exchange rate variation on the portfolio in the UK (+€2.4 million).

Investment properties decreased (-€170.7 million) over the period mainly as a result of:

- Signing of the agreement with AccorInvest for an asset swap (-€208 million);
- The change in the fair value of real estate assets, for an amount of +€17 million;
- The increase in the value of the pound sterling and the Hungarian Forint, which impacted the value of our foreign portfolio for +€16 million and -€3.8 million respectively.

Assets held for sale also varied due to the signing of the agreement with AccorInvest and the disposals made over the period.

Cash is made up of cash and marketable securities for €463 million, in connection with the new bond issue (€500 million).

On the liabilities side, shareholders' equity fell from €3,551 million at 31 December 2023 to €3,494 million at 30 June 2024. This change is mainly due to the impact of:

- positive income for the period of +€133 million
- the payment of the 2023 dividend for a net amount of -€193 million
- the change in the conversion reserve for -€6 million

A detailed explanation of the various line items is provided in the notes to the consolidated half-year financial statements.

1.1.5. Debt structure

At 30 June 2024, the net financial debt amounted to €2,373 million Group Share.

As a Group Share, net financial debt represents 36.1% of total assets revalued in value including transfer taxes, attributable to owners of the parent and 39.1% of total assets in value excluding transfer taxes attributable to owners of the parent, excluding restatement of commitments.

Features of the debt

The average interest rate on debt was 2.32% (compared to 2.43% at 31 December 2023).

Debt maturity

The average maturity of the debt is 5.1 years at 30 June 2024, vs 3.6 years at 31 December 2023.

Hedging

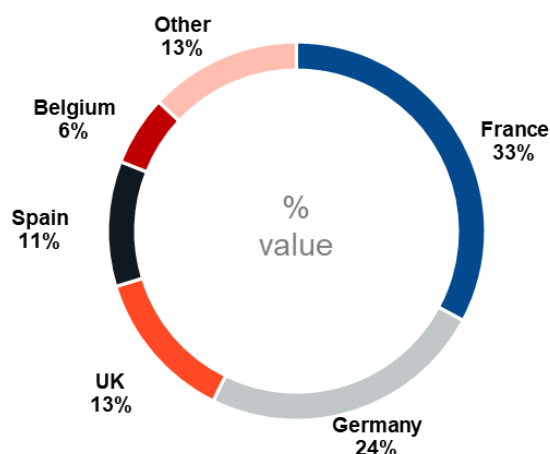
At 30 June 2024, the debt active hedging spot rate, Group Share, was 96.1%.

The net valuation of hedging instruments amounted to €119 million, Group Share, at 30 June 2024. The change in the value of hedging instruments over the period had an impact on the income statement of €19 million, Group Share, due to changes in interest rates.

1.2. Portfolio at 30 June 2024

The portfolio of Covivio Hotels is valued at €6,478 million, excluding transfer taxes, *i.e.* €5,866 million Group Share excluding transfer taxes.

The portfolio of Covivio Hotels breaks down as follows:



Portfolio, Group Share (In € million)	Values ED 31/12/2023	Values ED 30/06/2024	Δ H1 2024 LfL ⁽¹⁾	Yield ED 2023 ⁽²⁾	Yield ED H1 2024 ⁽²⁾
Hotel lease properties	4 434	4 464	0,6%	5,8%	5,9%
Hotel Operating properties	1 337	1 357	0,0%	6,2%	6,3%
Total Hotels	5 771	5 821	0,5%	5,9%	6,0%
Non-Strategic (Retail)	51	45	-10,7%	N/A	N/A
Total Covivio Hotels	5 822	5 866	0,4%	5,8%	6,0%

⁽¹⁾ LfL: Like-for-Like scope.

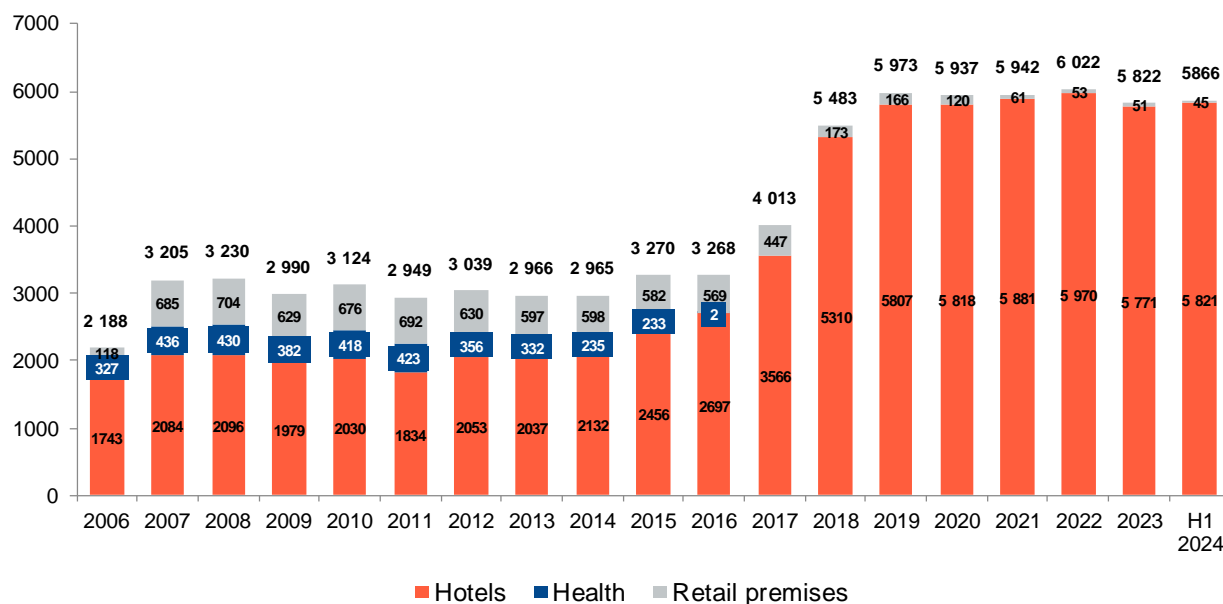
⁽²⁾ Yield HD: Yield excluding duties.

⁽²⁾ For variable income categories, returns are calculated on a rolling year basis (from H2 2023 to H1 2024).

On a like-for-like scope, the Hotel real estate portfolio showed strong resilience, posting values up +0.5% over six months. This change is mainly due to the stabilisation of capitalisation rates and an increase in revenues, due to the growth in hotel performances and the indexation of rents.

The hotel portfolio has a 6.0% average yield excluding transfer taxes.

Since 2005, the evolution of the Covivio Hotels portfolio has been as follows (in € million):



Breakdown of rents

Covivio Hotels has excellent visibility over its future cash flows, given the signing of firm long-term leases with tenants who have a solid credit rating and are leaders in their industries.

Annualised rents

Annualised rents and revenues from hotels operating properties amounted to €340.4 million at 30 June 2024 (excluding retail), broken down as follows:

Geographic area

<i>(In € million)</i>	Number of rooms	Number of assets	Annualised revenue H1 2023 Group Share	Annualised revenue H1 2024 100%	Annualised revenue H1 2024 Group Share	Var. (in %)	As a % of revenues
Paris	3 526	14	36,5	43,5	35,8	-2,0%	10%
Inner rim	678	5	6,0	10,5	5,8	-2,4%	2%
Outer rim	2 706	28	11,1	16,1	11,4	2,6%	3%
Total Paris Regions	6 910	47	53,6	70,1	53,0	-1,1%	16%
GMR	4 747	45	26,0	35,3	26,9	3,6%	8%
Other French Regions	4 316	61	9,3	14,0	8,8	-4,9%	3%
Total France	15 973	153	88,9	119,4	88,8	-0,1%	26%
Germany	6 160	55	33,5	35,5	34,6	3,3%	10%
UK	1 826	9	36,4	35,7	35,7	-1,9%	10%
Spain	3 376	17	39,2	42,1	42,1	7,5%	12%
Belgium	1 990	10	16,2	19,0	17,0	4,9%	5%
Others	2 528	15	40,3	44,5	44,5	10,3%	13%
Total Hotel lease properties	31 853	259	254,5	296,2	262,7	3,2%	77%
France	1 210	9	20,3	19,6	19,6	-3,2%	6%
Germany	3 503	8	40,1	42,5	40,3	0,5%	12%
Others	1 234	8	15,6	17,7	17,7	14,0%	5%
Total Hotel Operating properties	5 947	25	75,9	79,8	77,7	2,3%	23%
Total Hotels	37 800	284	330,4	376,1	340,4	3,0%	100%
Non-strategic (Retail)	0	39	1,2	1,6	1,6	34,2%	0%
Total	37 800	323	331,6	377,7	342,0	3,1%	100%

Breakdown by tenant

	Nb de chambres	Nb d'actifs	Revenus annualisés S1 2023 PdG	Revenus annualisés S1 2024 100%	Revenus annualisés S1 2024 PdG	Var. (%)	En % des revenus
Accor	1 700	6	74,8	97,7	77,8	4%	23%
IHG	2 855	16	41,4	43,2	43,2	4%	13%
B&B	14 018	157	41,3	57,5	43,6	6%	13%
RHG	1 919	5	4,1	5,6	5,6	37%	2%
Marriott	1 326	5	25,5	25,0	24,4	-4%	7%
NH	3 022	19	50,2	55,6	55,6	11%	16%
Hotusa	553	2	8,4	8,9	8,9	6%	3%
Barcelo	497	2	7,9	8,1	8,1	2%	2%
Club Med	372	1	4,9	5,3	5,3	8%	2%
A.C. Hotels	0	0	4,8	5,8	5,8	20%	2%
Melia	534	3	5,3	6,7	6,7	27%	2%
Motel One	712	3	4,7	5,0	4,8	3%	1%
Meininger	591	3	6,9	7,2	7,2	5%	2%
Sunparks	877	2	7,9	8,2	8,2	4%	2%
Autres	8 824	60	31,7	36,2	35,1	11%	10%
Total Hôtels	37 800	284	319,8	376,1	340,4	6%	100%
Non stratégique (commerces)	0	39	3,9	1,6	1,6	-59%	0%
Total	37 800	323	323,7	377,7	342,0	6%	100%

1.2.1. Lease schedule

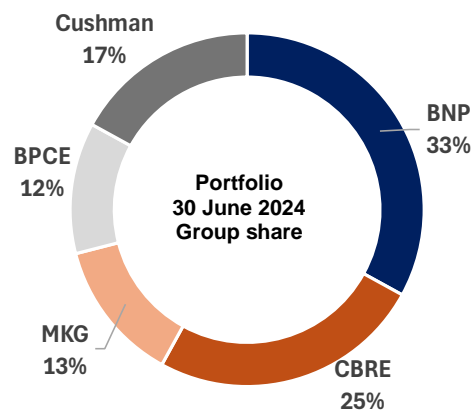
The firm residual duration of leases decreased by 0.4 years compared to 31 December 2023, *i.e.* a firm residual term of 11.8 years at the end of June 2024 (new Roca leases, etc.).

Rents break down as follows by lease end date:

In € million, Group Share	By date of 1 st lease break option	As % of the total	By lease end date	As % of the total
2024	6,8	3%	1,6	1%
2025	5,9	2%	5,2	2%
2026	10,9	4%	-	0%
2027	2,2	1%	2,2	1%
2028	-	0%	-	0%
2029	32,3	12%	27,6	11%
2030	19,7	7%	19,7	7%
2031	5,3	2%	9,9	4%
2032	8,8	3%	8,8	3%
2033	11,8	5%	15,3	6%
Beyond	159,0	61%	172,4	66%
Total	262,7	100%	262,7	100%
Non-strategic (Retail)	1,6		1,6	

1.2.2. Summary of expert appraisals

At 30 June 2024, the breakdown of the portfolio in value (Group Share) among the real estate appraisers is as follows:



1.2.3. Occupancy rate

The financial occupancy rate measures the ratio between the annualised rents of occupied premises and the annualised rents if the premises were fully let.

The physical occupancy rate indicates the number of m² occupied compared to marketable m².

These two rates were stable at 100% for hotels at 30 June 2024.

1.3. EPRA indicators

At 30 June 2024, EPRA NTA NAV stood at €3,505 million (or €23.7 per share), a fall of 1.3% compared with 31 December 2023. EPRA NDV NAV was €3,472 million (*i.e.* €23.4 per share), down 1.1% over six months.

New indicators: Description

EPRA Net reinstatement Value (EPRA NRV) (EPRA NRV)	<ul style="list-style-type: none"> ■ Replenishment NAV ■ Similar to the current EPRA NAV, plus transfer taxes
EPRA Net Tangible Assets (EPRA NTA) (EPRA NTA)	<ul style="list-style-type: none"> ■ NRV NAV <ul style="list-style-type: none"> ■ excluding intangible goodwill, transfer taxes ■ excluding deferred taxes on assets not intended to remain permanently on the balance sheet ■ Close to the current EPRA
EPRA Net Disposal Value (EPRA NDV) (EPRA NDV)	<ul style="list-style-type: none"> ■ Represents the value in the event of liquidation of the company ■ Triple Net NAV <ul style="list-style-type: none"> ■ excluding goodwill and optimisation of transfer taxes

Detail per share	31/12/2023	30/06/2024	Variation (in %)
Consolidated shareholders' equity (Group Share)	22,9	22,4	-1,9%
EPRA NRV	26,4	26	-1,6%
EPRA NTA	24	23,7	-1,3%
EPRA NDV	23,7	23,4	-1,2%
Number of shares at closing	148 141 452	148 141 452	

1.4. Related companies

The main related-party transactions that took place in the first half of 2024 are detailed in Section 2.2.7.3 of the notes to the half-year consolidated financial statements.

1.5. Risks and uncertainties

Covivio Hotels invites its readers to refer to Chapter 2 of its 2023 Universal Registration Document (URD) in which the main risks and control systems put in place by the company have been identified.

The rating of risks is the result of a combined analysis of their potential negative impact (on the company's valuation, its results, its image and/or on the continuity of its activity) and their probability of occurrence. Once quantified, the gross impact and probability are adjusted for the control systems in place to determine the net risk.

Following the review of risks, those whose level could change in the second half of 2024, *via* an increase in their net impact and/or their net probability, are presented below. The mechanisms for managing these risks (unchanged) are described in the 2023 URD available on the Covivio Hotels website. The other risks are unchanged to date.

1.5.1. Risks linked to the environment in which Covivio Hotels operates

Unfavourable evolution of the real estate market: fall or stagnation of values and rents

Values

The total assets of Covivio Hotels at the end of 2024 (€7.2 billion in consolidated figures) mainly consisted of the appraisal value of the buildings, which amounted to €6.2 billion (*i.e.* over 86%). Any change in the value of buildings has a direct impact on the balance sheet total.

The value of the Covivio Hotels portfolio depends on changes in the real estate markets in which the Group operates. Both rent levels and market prices (and consequently the capitalisation rates used for comparison purposes by appraisers) may be subject to fluctuations due to the economic and financial environment. Covivio Hotels recognises its investment properties at fair value in accordance with the option offered by IAS 40.

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

In the first half of 2024, the value of the hotel portfolio changed on a like-for-like basis by +0.5% (compared to -3.9% in 2023).

Increased borrowing rates may result in higher financing costs for potential investors and buyers, which may discourage some of them from carrying out real estate transactions or acquisitions. This may reduce demand on the market and exert downward pressure on the value of Covivio Hotels' assets.

The real estate market is dynamic and reacts to various economic and financial factors. An increase in interest rates may lead to adjustments in capitalisation rates depending on the perception of risks and expected returns. Investors may demand higher yields to offset increased borrowing costs, which may result in higher capitalisation rates.

However, it should be noted that the impact of the increase in revenues expected by Covivio Hotels should limit the negative effect of an increase in rates.

For information purposes, the table below shows the sensitivity of the valuation of lease assets at 30 June 2024 to yield rates (corresponding to the normative annualised rent / appraised value of assets excluding duties):

	Decrease in capitalisation rate				Data as of 30/06/2024	Increase in capitalisation rate			
	1 point	0.75 point	0.5 point	0.25 point		0.25 point	0.5 point	0.75 point	1 point
Capitalisation rate	4,9%	5,1%	5,4%	5,6%	5,9%	6,1%	6,4%	6,6%	6,9%
Portfolio value (in €M) *	5 536	5 265	5 019	4 795	4 591	4 403	4 230	4 070	3 921
Variation in value (in €M)	945	674	428	205		-188	-361	-521	-669
Variation (in %)	20,6%	14,7%	9,3%	4,5%		-4,1%	-7,9%	-11,3%	-14,6%

* Total investment properties, excluding development portfolio and rights of use.

The sensitivity of covenants to changes in appraisal values is presented in Section 1.5.2 “Financial risks”.

Impact of changes in the discount rate on the change in the fair value of real estate assets:

On the basis of a significant sample of the portfolio of hotel leases, the sensitivity of the value of the portfolio to changes in the discount rate can be assessed as follows:

- If the discount rate drops 25 bps (-0.25 points), the market value excluding taxes of the real estate assets will increase by about 1.9%, or €85 million;
- If the discount rate increases by 25 bps (+0.25 points), the market value excluding taxes of the real estate assets will decrease by about 1.8%, or €82 million.

Revenues

The European tourism activity was very dynamic in the first half of the year, with a continued increase in average prices and occupancy rates in line with (or even higher than) those of 2023. Group Share revenues for the first half of the year amounted to €155.4 million (+5% on a like-for-like basis vs H1 2023). Nevertheless, the Company remains sensitive to its share of variable income (assets whose rents are likely to change in line with the revenue of hotels as well as the rents of hotels held in Operating Properties) representing 41% of its revenue as of 30 June 2024.

Thus, in the event of a deterioration in the environment, Covivio Hotels could, in addition to a decline in its revenues, suffer value adjustments that could be amplified by the increase in rates.

The Company also benefits from long-term leases, enabling it to have little exposure to the risk of vacancies in the coming years.

The table below shows the sensitivity of the fair value of investment properties to changes in rents. The capitalisation rate was constant at 5.9% (data attributable to the Group’s Share).

	Decrease in annualised rents				Data as of 30/06/2024	Increase in annualised rents			
	10,0%	7,5%	5,0%	2,5%		2,5%	5,0%	7,5%	10,0%
Annualised rents	242	249	255	262	269	276	282	289	296
Portfolio value (in €M) *	4 132	4 246	4 361	4 476	4 591	4 706	4 820	4 935	5 050
Variation in value (in €M)	-459	-344	-230	-115		115	230	344	459
Variation (in %)	-10,0%	-7,5%	-5,0%	-2,5%		2,5%	5,0%	7,5%	10,0%

* Total investment properties, excluding development portfolio and rights of use.

Increase in capitalisation rates	0,50%		1,0%	
Decrease in rents	Portfolio (in €M)	Variation*	Portfolio (in €M)	Variation*
-5%	4 000	-13%	3 692	-20%
-10%	3 771	-18%	3 462	-25%

* Variation compared to the portfolio at 30 June 2024.

The impacts of changes in values on the Company's covenants are presented in Section 1.5.2 "Financial Risks".

1.5.2. Financial risks

Unfavourable change in interest and exchange rates

Borrowings

Covivio Hotels could suffer an increase in its financial expenses on its share of unhedged debt and be more generally limited in its ability to implement its short/medium-term investment strategy.

With an average rate of 2.32%, Covivio Hotels' debt stood at €2.4 billion, Group Share at the end of June 2024. Its average active hedging rate was 96.1%.

The figures below show the sensitivity of Covivio Hotels' EPRA earnings to a rise in interest rates.

A 25 bps increase in the three-month Euribor rate would have an impact of -€0.1 million on EPRA Earnings.

A 50 bps increase in the three-month Euribor rate would have an impact of -€0.3 million on EPRA Earnings.

A 100 bps increase in the three-month Euribor rate would have an impact of -€0.5 million on EPRA Earnings.

Foreign Exchange

A variation in the exchange rate between the pound sterling and the euro could have negative consequences on the result of Covivio Hotels and more specifically on the amount of rents received insofar as 13% of its portfolio is located in the UK.

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

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

In the event of breaching a covenant, Covivio Hotels would theoretically have to repay all of its drawn debt. In practice, however, this risk appears unlikely, as banks generally prefer to renegotiate the financial conditions of the borrowers concerned, as seen during the 2008 financial crisis.

The most restrictive LTV (Loan to Value) covenant applying to Covivio Hotels is 60%, for an effective ratio of 39.1% (banking LTV) at 30 June 2024. As a result, the company could suffer a 34% fall in the value of its assets before reaching its LTV covenant.

The most restrictive ICR (Interest Coverage Ratio) covenant of Covivio Hotels is 200% for an effective ratio of 594% at 30 June 2024.

1.6. 2024 outlook

As the hotel real estate leader in the main European markets, Covivio Hotels plans to take advantage of a growing market and the valuation potential of its portfolio, primarily through the recently announced consolidation transaction on the hotels let to AccorInvest (20% of the portfolio).

1.7. Transition tables

1.7.1. Transition tables

1.7.1.1. Transition table of the portfolio

Portfolio (as of 30/06/2024)	€5 866 M
Use rights on investment properties	+€248 M
Use rights on operating properties	+€43 M
Equity affiliates > 30%	-€158 M
Non-accrued goodwill of operating property	-€205 M
Real Estate Assets Group Share	€5 794 M
The companies' fully consolidated non-controlling interest	+€280 M
100% Real estate assets - IFRS accounts	€6 074 M

1.7.1.2. Transition table for EPRA indicators

Shareholders' equity Group - IFRS Accounts	€3 324 M
Fair value of operating property assets net of deferred taxes	€159 M
Non-optimised transfer rights	€242 M
Fair value of financial instruments	-€120 M
Deferred tax (including IFRS adjustments)	€246 M
EPRA NRV	€3 852 M
Non-optimised transfer rights	-€196 M
Goodwill and intangible assets	-€115 M
Deferred tax on non-core assets	-€36 M
EPRA NTA	€3 505 M
Optimisation of the transfer rights	-€47 M
Intangible assets	€0 M
Fair value of fixed-rate debt (excluding cred	€103 M
Fair value of financial instruments	€120 M
Deferred tax liabilities	-€210 M
EPRA NDV	€3 472 M

The fair value of fixed-rate debt is measured at the risk-free rate and excluding credit spreads.

1.7.1.3. Transition table of rental income

<i>(In € million)</i>	Revenues 30/06/2024 IFRS Accounts	Non-controlling interest	Rental income HY 2024 Group Share Covivio Hotels
Hotels	€161 M	-€8 M	€154 M
Retail premises	€2 M	€0 M	€2 M
Total Rental Income	€163 M	-€8 M	€155 M
Managed hotel EBITDA	€30 M	-€1 M	€29 M

1.7.1.4. Transition table of EPRA Earnings

<i>(In € million)</i>	Net income 100% IFRS Accounts	Non-controlling interest	Net Income, Group Share	Restatements	EPRA Earnings
Net Rental Income	130,7	-6,7	124,0	0,8	124,7
Managed hotel income	29,6	-1,0	28,7	1,7	30,4
Operating costs	-8,7	0,4	-8,3		-8,3
Depreciation of operating assets	-20,6	0,4	-20,2	17,8	-2,4
Net change in provisions and other	8,0	0,0	7,9	-3,8	4,1
OPERATING RESULT	138,9	-6,8	132,0	16,5	148,5
Income from asset disposals	3,5	0,0	3,5	-3,5	0,0
Result of value adjustments	20,9	-2,5	18,4	-18,4	0,0
Income from disposal of securities	-0,0	0,0	-0,0	0,0	0,0
Result of changes in scope	-0,8	0,0	-0,8	0,8	0,0
OPERATING INCOME	162,4	-9,4	153,1	-4,5	148,5
Cost of net financial debt	-29,9	2,3	-27,6	0,0	-27,6
Interest expense on rental liabilities	-7,8	0,0	-7,8	5,4	-2,4
Value adjustment of derivative instruments	20,7	-1,7	19,0	-19,0	0,0
Discounting and exchange result	0,4	0,0	0,4	0,0	0,4
Net change in financial and other provisions	-0,7	0,7	0,0	0,0	0,0
Share in income of equity affiliates	8,6	0,0	8,6	-2,5	6,1
Early amortisation of loan issue costs			-0,7	0,7	0,0
NET INCOME BEFORE TAX	153,7	-8,7	145,0	-20,0	125,0
Deferred tax liabilities	-6,1	-0,1	-6,1	6,1	0,0
Corporate taxes	-5,6	0,1	-5,5	0,0	-5,5
NET INCOME FOR THE PERIOD	142,0	-8,7	133,3	-13,8	119,5

1.7.1.5. Managed hotel income

Group Share data (In € million)	30/06/2023	30/06/2024	Variation
Transfers of operating expenses	-0	-0	
Hotel rental income	2,9	3,0	0,1
Accommodation	89,0	91,5	2,5
Catering	31,1	31,1	-0,0
Sundry sales	9,5	9,0	-0,5
Revenues	132,9	134,6	1,7
Cost of sales	-28,1	-28,7	-0,6
Personnel costs	-43,2	-47,9	-4,7
A & G (Administration & General)	-7,5	-6,1	1,4
S & M (Sales & Marketing)	-5,2	-5,4	-0,2
Other operating expenses	-10,1	-7,1	3,1
Gross operating profit (GOP)	37,5	39,4	1,9
Management fees	-1,9	-3,7	-1,8
Property taxes and others	-3,3	-3,8	-0,5
Insurance	-0,8	-0,8	-0,1
Consultancy fees	-0,6	-2,3	-1,7
EBITDAR	30,9	28,8	-2,1
Letting	-0,3	-0,1	0,2
EBITDA	30,7	28,7	-1,9
Depreciation and provisions	-19,5	-20,2	-0,7
Current net operating income	11,2	8,5	-2,6
Non-recurring income	1,2	-2,6	-3,8
Net operating income	12,7	6,0	-6,7
Cost of net financial debt	-7,3	-7,3	0,1
Interest charges on rental liabilities	-1,2	-1,2	-0,0
Change in the fair value of financial instruments	0,0	0,0	0,0
Other financial income and expenses	0,0	-0,0	-0,0
Pre-tax income (loss)	4,2	-2,6	-6,8
Deferred tax liabilities	1,7	1,9	0,2
Corporate taxes	-1,6	-1,5	0,1
Consolidated net income	4,3	-2,2	-6,5
Minority interests	0,0	0,0	-0,0
Net income Group Share	4,3	-2,2	-6,5

**2. CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS AT 30 JUNE 2024**

2.1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2024

2.1.1 STATEMENT OF FINANCIAL POSITION

Assets

(In € thousand)	Note 2.2.5	30/06/2024	31/12/2023
Intangible assets	1.2		
Goodwill		116 527	117 350
Other intangible fixed assets		262	227
Tangible assets	1.2		
Operating properties		1 072 107	1 083 629
Other tangible fixed assets		14 664	15 799
Assets in progress		23 625	10 266
Investment properties	1.3	4 484 567	4 655 245
Non-current financial assets	2.2	58 326	59 453
Investments in equity affiliates	3.2	207 115	204 590
Deferred tax assets	4	16 160	23 952
Long-term derivative instruments	12.5	140 363	120 349
TOTAL NON-CURRENT ASSETS		6 133 716	6 290 861
Assets held for sale	1.3	362 031	161 915
Loans and receivables	5	24 785	23 793
Inventories and work in progress	6	2 368	2 444
Short-term derivative instruments	12.5	60 444	57 285
Trade receivables	7.2	95 376	42 721
Tax receivables	8	21 795	21 082
Other receivables	8	12 933	11 377
Prepaid expenses	9	5 159	3 447
Cash and cash equivalents	10.2	471 596	108 780
TOTAL CURRENT ASSETS		1 056 487	432 844
TOTAL ASSETS		7 190 202	6 723 705

Liabilities

(In € thousand)	Note 2.2.5	30/06/2024	31/12/2023
Capital		592 566	592 566
Premiums		1 486 380	1 659 520
Treasury shares		-125	-125
Consolidated reserves		1 111 485	1 146 750
Result		133 333	-11 574
TOTAL SHAREHOLDERS' EQUITY, GROUP SHARE	4.1.4	3 323 639	3 387 137
Non-controlling interests		170 013	163 572
TOTAL EQUITY	11.2	3 493 652	3 550 709
Long-term borrowings	12.2	2 457 859	2 198 955
Long-term rental liabilities	12.6	288 166	282 992
Long-term derivative instruments	12.5	48 722	40 853
Deferred tax liabilities	4	208 522	210 284
Retirement and other commitments	13.2	871	857
Other long-term liabilities	14	9 317	9 334
TOTAL NON-CURRENT LIABILITIES		3 013 458	2 743 275
Liabilities held for sale	2.2.4.3	6 497	6 644
Payables	14	61 832	48 387
Trade payables on fixed assets	14	6 133	7 088
Short-term borrowings	12.2	471 007	255 836
Short-term rental liabilities	12.6	5 915	5 768
Short-term derivative instruments	12.5	34 505	31 671
Security deposits		37	65
Advances and advanced payments received, accrued cre	14	21 136	12 465
Short Term Provisions	13.2	4 426	4 417
Current taxes	14	10 266	9 513
Other short-term liabilities	14	52 131	30 131
Pre-booked income	16	9 206	17 738
TOTAL CURRENT LIABILITIES		683 092	429 721
TOTAL LIABILITIES		7 190 202	6 723 705

2.1.2 STATEMENT OF NET INCOME

(In € thousand)	Note 2.2.6	30/06/2024	30/06/2023	Variation
Rental income	2.1	133 531	127 726	5 805
Rental charges not recovered	2.2	-1 972	-1 485	-486
Expenses on Buildings	2.2	-1 666	-1 894	228
Net bad debt expenses	2.2	757	-716	1 473
NET RENTS		130 650	123 630	7 020
Revenues from hotels under management		138 038	136 196	1 842
Operating expenses of hotels under management		-108 406	-104 607	-3 799
EBITDA OF HOTELS UNDER MANAGEMENT	2.3	29 632	31 589	-1 957
OTHER ACTIVITY INCOME	2.3	-0	47	-47
Management and administration income		2 267	2 630	-363
Activity Fees		-501	-670	169
Structure costs		-10 489	-10 949	460
NET OPERATING COSTS	2.4	-8 724	-8 990	266
Depreciation of operating assets	2.5	-20 646	-23 606	2 961
Net change in provisions and other	2.5	7 951	15 255	-7 304
OPERATING RESULT		138 864	137 925	938
Income from asset disposals	3	3 517	-269	3 786
Result of value adjustments	4	20 907	-44 043	64 950
Income from the sale of securities	2.2.4.4	-25	0	-25
Result of changes in scope	2.2.5.1	-825	-1 884	1 059
OPERATING INCOME		162 438	91 721	70 717
Cost of net financial debt	5	-29 934	-30 628	694
Interest expense on rental liabilities	6	-7 840	-7 517	-323
Value adjustment of derivative instruments	6	20 686	7 839	12 847
Discounting and exchange result	6	408	367	40
Exceptional depreciation of loan issue costs	6	-715	-57	-658
Share in income of equity affiliates	2.2.5.3.2	8 643	4 555	4 089
NET INCOME BEFORE TAX		153 687	66 281	87 406
Deferred tax liabilities	7.2	-6 064	2 029	-8 093
Corporate taxes	7.2	-5 573	-6 133	560
NET INCOME FOR THE PERIOD		142 050	62 178	79 873
Of which net income attributable to non-controlling interests		8 717	72	8 645
NET INCOME FOR THE PERIOD - GROUP SHARE		133 333	62 106	71 228
Net income per share, Group Share (in €)	7.2	0,90	0,42	
Diluted net income per share, Group Share (in €)	7.2	0,90	0,42	

2.1.3 STATEMENT OF COMPREHENSIVE INCOME

<i>(In € thousand)</i>	30/06/2024	30/06/2023
NET INCOME FOR THE PERIOD	142 050	62 178
<i>Currency translation differences</i>	-5 658	10 193
Other comprehensive income that can be reclassified to profit or loss	-5 658	10 193
Other comprehensive income that cannot be reclassified to profit or loss	0	0
OTHER ITEMS OF COMPREHENSIVE INCOME	-5 658	10 193
COMPREHENSIVE INCOME FOR THE PERIOD	136 392	72 371
of which attributable to owners of the parent company	127 675	72 299
of which attributable to non-controlling interests	8 717	72
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	136 392	72 371

2.1.4 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

<i>(In € thousand)</i>	Capital	Share premium account	Treasury shares	Non distributed reserves and income (loss)	Total shareholders' equity, Group Share	Non-controlling interests	Total shareholders' equity
Position at 31 December 2022	592 566	1 700 621	-161	1 284 806	3 577 832	184 678	3 762 510
Dividends distribution		-43 514		-141 658	-185 172	-6 885	-192 057
Capital increase					0	-494	-494
Others		2 413	62	-2 199	277	9	286
Total comprehensive income (loss) for the period			-26	-5 774	-5 800	-13 737	-19 536
<i>Of which currency translation gains</i>				5 775	5 775		5 775
<i>Of which net income (loss)</i>				-11 574	-11 574	-13 737	-25 311
Position at 31 December 2023	592 566	1 659 520	-125	1 135 175	3 387 136	163 572	3 550 708
Dividends distribution		-173 140		-19 434	-192 574	-2 276	-194 850
Capital increase					0		0
Others				1 400	1 400		1 400
Total comprehensive income (loss) for the period				127 676	127 676	8 717	136 394
<i>Of which currency translation gains</i>				-5 658	-5 658		-5 658
<i>Of which net income (loss)</i>				133 333	133 333	8 717	142 050
Position at 30 June 2024	592 566	1 486 380	-125	1 244 818	3 323 639	170 013	3 493 652

2.1.5 STATEMENT OF CASH FLOWS

<i>(In € thousand)</i>	Note 2.2	30/06/2024	31/12/2023
Consolidated net income (including minority interests)		142 050	-25 311
Net depreciation, amortisation and provisions (excluding those related to current assets)		21 491	43 201
Unrealised gains and losses relating to changes in fair value	5.12.5 & 6.4	-41 594	264 495
Income and expenses calculated on stock options and related share-based payments		-42	14
Other calculated income and expenses	6.6	786	-10 271
Gains or losses on disposals	6.3	-3 443	-320
Share of income from companies accounted for under the equity method	5.3.2	-8 643	2 020
Cash flow after tax and cost of net financial debt		110 606	273 828
Cost of net financial debt and interest charges on rental liabilities	6.5 & 5.12.6	35 373	74 217
Tax charge/income (including deferred taxes)	6.7.2	11 636	-34 586
Cash flow before tax and cost of net financial debt		157 615	313 460
Taxes paid		-4 394	-9 424
Variation in WCR on continuing operations (including employee benefits liabilities)	5.7.2	-19 752	20 087
NET CASH FLOW FROM OPERATING ACTIVITIES		133 469	324 123
Impact of changes in the scope		-45	-41
Disbursements related to acquisition of tangible and intangible fixed assets	5.1.2	-22 436	-37 816
Proceeds from the disposal of tangible and intangible fixed assets	5.1.2	15 697	23 954
Dividends received (companies accounted for under the equity method, non-consolidated securities)	5.3.2	6 119	5 083
Change in loans and advances granted	5.2.2	1 144	3 065
Investment grants received		0	0
NET CASH FLOW FROM INVESTMENT ACTIVITIES		454	-5 754
Impact of changes in the scope		0	0
Amounts received from shareholders in connection with capital increases:			
Paid by non-controlling interests of consolidated companies	4.1.4	0	-494
Purchases and sales of treasury shares		0	62
Dividends paid during the reporting period:			
Dividends paid to parent company shareholders	4.1.4	-192 573	-185 171
Dividends paid to non-controlling interests of consolidated companies	4.1.4	-2 276	-6 885
Proceeds related to new borrowings	5.12.2	592 606	624 294
Repayments of borrowings (including finance lease agreements)	5.12.2	-169 703	-682 617
Net interest paid (including finance lease agreements)		-33 720	-77 461
Other cash flow from financing activities	5.12.5	-17	667
NET CASH FLOW FROM FINANCING ACTIVITIES		194 317	-327 603
Impact of changes in the exchange rate		83	934
CHANGE IN NET CASH		328 322	-8 300
Opening cash position		108 685	116 985
Closing cash position		437 007	108 685
Change in cash and cash equivalents	5.10.2 & 5.12.2	328 322	-8 300

2.2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.2.1. GENERAL PRINCIPLES

2.2.1.1. Accounting standards

The consolidated financial statements of the Covivio Hotels group at 30 June 2024 have been prepared in accordance with the international financial reporting standard IAS 34 “Interim Financial Reporting”. As these are condensed financial statements, they do not include all the information required by IFRS and should be read in conjunction with Covivio Hotels’ financial statements for the fiscal year ended 31 December 2023.

The financial statements were approved by the Management on 11 July 2024.

- [Accounting principles and methods used](#)

The accounting principles applied to the consolidated financial statements as at 30 June 2024 are identical to those used for the consolidated financial statements as at 31 December 2023, with the exception of new standards and amendments whose application is mandatory from 1 January 2024 and which were not applied early by the Group.

The following amendments, which are mandatory as of 1 January 2024, did not have any impact on the Group’s consolidated financial statements:

- Amendments to IAS 1 “Presentation of the financial statements - Classification of liabilities as current or non-current”. Non-current liabilities with prepayment clauses. These amendments specify how a company should classify, in the statement of financial position, debts and other liabilities whose settlement date is uncertain. Under these amendments, these debts or other liabilities must be classified as either current or non-current liabilities. The application of these amendments did not lead to significant changes in the presentation of the interim financial statements.
- Amendment IFRS 16 "Leaseback in a sale and leaseback transaction" The IFRS-IC has published a decision illustrating the application of IFRS requirements on the initial recognition of a sale-leaseback with variable rents. This amendment complements the previous IFRIC decision. The application of these amendments did not lead to significant changes in the presentation of the interim financial statements.
- Amendment to IAS 7 & IFRS 7 "Supplier financing arrangements". These amendments introduced requirements for disclosures by a company about its supplier financing arrangements. These new requirements require the Company to provide users with financial statements to assess the impact of its supplier financing arrangements on its liabilities and cash flows, and to understand the effects of such arrangements on its exposure to liquidity risk and the way in which it could be affected if it were no longer able to use these agreements. The application of these amendments did not lead to significant changes in the presentation of the interim financial statements.

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 Hotels 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;
- measurement of the fair value of derivative financial instruments;
- measurement of provisions.

Due to the uncertainties inherent in any valuation process, the Covivio Hotels 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. Taking into account the effects of climate change

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

Covivio Hotels continued its momentum in terms of environmental certification: the proportion of assets with HQE, BREAM, LEED or other specific hotel labels, in operation and/or under construction, reached 94% in mid-2024, in line with the objective of 100% by the end of 2025. At Group level, Covivio has also set itself ambitious targets for reducing the energy consumption of buildings for more than ten years. This strategy actively contributes to achieving the new carbon trajectory. It is accompanied by a strengthened commitment to low-carbon construction and renovation. In addition, in accordance with the European Regulation, Covivio Hotels published at the end of 2023 its eligibility and alignment rates for the second year of application of the Taxonomy Regulation (Chapter 3 of the Universal Registration Document), including this year the Biodiversity target for the hotel operating activity.

In addition, in its financing component and in line with the Group's greening strategy, Covivio Hotels decided to adopt a Green Financing Framework in June 2023 and suggested that bondholders transform all their bonds into Green bonds.

Finally, in order to better understand the risks and opportunities related to climate change, every year Covivio publishes a report incorporating the recommendations of the TCFD (Taskforce on Climate Financial related Disclosures) and regularly analyses the climate resilience of its portfolio. In June 2023, the Group published its second Climate Report, available on its website.

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

2.2.1.4. Operating segments (IFRS 8)

The operating segments of the Covivio Hotels group are detailed in Section 2.2.8.1.

2.2.1.5. IFRS 7 – Reference table

Liquidity risk	§ 2.2.2.2
Financial expense sensitivity	§ 2.2.2.3
Counterparty risk	§ 2.2.2.4
Covenants	§ 2.2.5.12.7
Market risk	§ 2.2.2.6
Sensitivity of the fair value of investment properties	§ 2.2.5.1.3
Exchange rate risk	§ 2.2.2.7.

2.2.2. FINANCIAL RISK MANAGEMENT

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

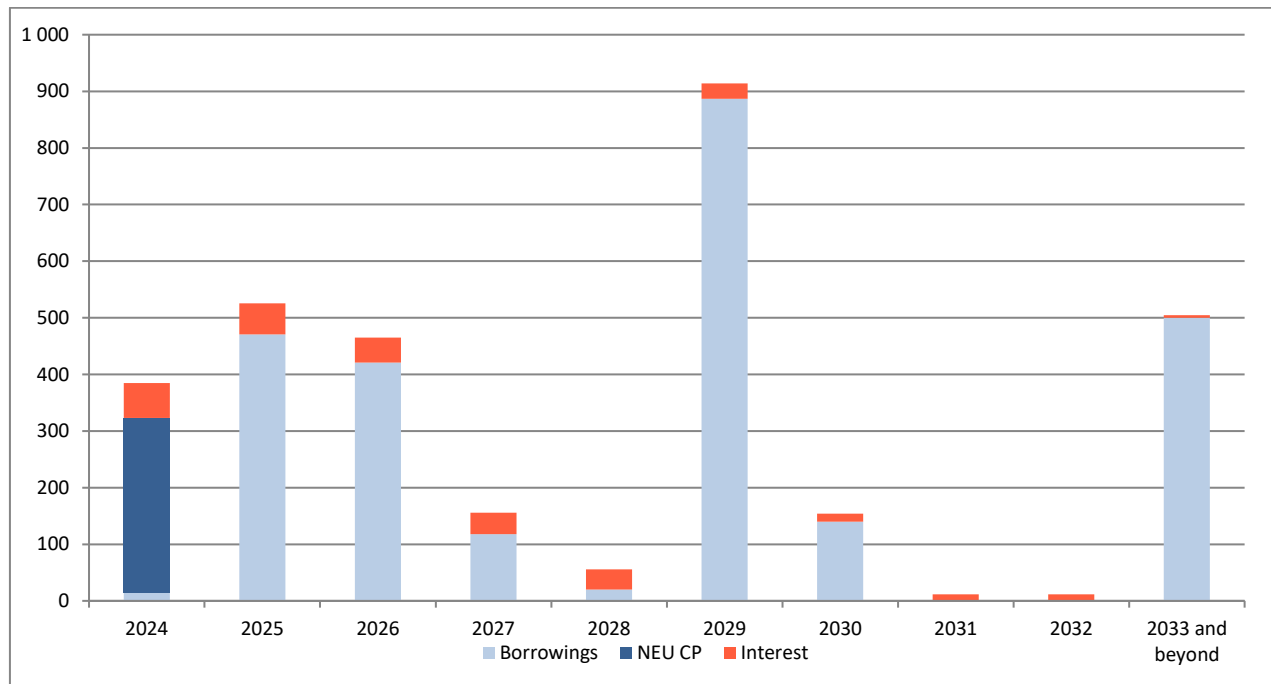
2.2.2.1. Marketing risk for properties under development

The Group is involved in property development. As such, it is exposed to various risks, in particular risks related to construction costs, late delivery and the marketing of the asset. There were no building projects under development as of 30 June 2024.

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 2024, Covivio Hotels' available cash and cash equivalents amounted to €928 million, including €449 million in confirmed credit lines, €472 million in short-term investments and cash equivalents and €7 million in granted unused overdraft facilities.

The graph below shows the maturities of borrowings (in € million) including interest expenses as at 30 June 2024.



Covivio Hotels group debt totalled €2,879.7 million as at 30 June 2024 (see 2.2.5.12).

The interest payable up to the extinguishing of all the debt, estimated based on the outstanding amount as at 30 June 2024 and the average interest rate on debt, totalled €303 million.

Covivio Hotels has been active in the management of its long-term liquidity with the issuance of a 9-year bond for €500 million to secure the refinancing of its 2025 bond maturity (€350 million) and the partial redemption of medium-term debt maturities. The refinancing of its Spanish portfolio was also secured for €229 million with a maturity of seven years.

Details of the debt maturities are provided in note 2.2.5.12.3, and a description of the banking covenants and accelerated payment clauses included in the loan agreements is presented in note 2.2.5.12.7.

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 almost systematically hedged *via* financial instruments (see 2.2.5.12.5). As at 30 June 2024, after taking interest rate swaps into account, an average of 96.1% of the Group's debt was actively 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 an increase of 100 bps on the rates at 30 June 2024 is -€0.5 million on cost of net debt Group Share for 2024;
- the impact of an increase of 50 bps on the rates at 30 June 2024 is -€0.3 million on the cost of debt Group Share for 2024;
- the impact of a decrease of 50 bps on the rates at 30 June 2024 is +€0.3 million on the cost of net debt Group Share in 2024.

2.2.2.4. Financial counterparty risk

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

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

Counterparty risk is included in the measurement of cash instruments. At 30 June 2023, the amount is -€4.0 million compared to -€3.6 million at 31 December 2023.

2.2.2.5. Lease counterparty risk

Covivio Hotels group's rental income is fairly concentrated among a group of principal tenants (Accor, B&B, IHG, NH etc.) who generate the bulk of annual rental income.

The Covivio Hotels 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.

In the first half of 2024, the Group's revenue continued to grow.

2.2.2.6. Risk 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.

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

- have long-term leases and high-quality tenants, to soften the impact of a reduction in market rental income and the resulting decline in real estate prices;

- are located in major European cities.

The ownership of real estate assets intended for leasing exposes the Covivio Hotels 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.

Rental income is indexed to rent indexation indices, to changes in Accor revenues and to the likelihood of the application of major underperformance clauses on the portfolio in the United Kingdom for the hotels concerned.

The sensitivity of the fair value of investment properties to changes in rental values and/or capitalisation rates is analysed in § 2.2.5.1.3.

2.2.2.7. Foreign exchange risk

The Group operates both inside and outside the Euro zone following the acquisition of hotel real estate assets in the United Kingdom, Poland, the Czech Republic and Hungary. The Group protected itself against fluctuations in the pound sterling by financing part of the acquisition in the UK with a foreign currency loan and a currency swap.

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

	30/06/2024 (in €M)	2.4% real increase in the GBP/EUR exchange rate	5% decrease in the GBP/EUR exchange rate (in €M)	10% decrease in the GBP/EUR exchange rate (in €M)
Portfolio	652	14,9	-31,0	-61,8
Debt	270	-3,2	6,6	13,3
Cross currency swap	250	-5,7	11,8	23,7
Shareholders' equity impact		5,9	-12,5	-24,9

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

2.2.2.8. Risk 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 and § 2.2.5.3.2):

- available-for-sale securities measured at fair value. This fair value is the market price when the securities are traded on a regulated market;
- shares of companies accounted for under the equity method are measured at their value in use. Value in use is determined based on independent assessments of the real estate assets and financial instruments.

The Covivio Hotels group made an inaugural bond issue in September 2018, a bond issue in July and November 2021 and a new bond issue of €500 million in May 2024, the characteristics of which are presented in § 2.2.5.12.4.

2.2.2.9. Tax environment

The Group does not observe any major changes in the tax environment in France and in other countries impacting the results of the period to 30 June 2024.

Stemming from a project by the OECD and the European Commission, the “PILLAR 2” international tax reform aims to guarantee a minimum effective taxation of 15% of groups with revenue of at least €750 million, and will be applicable from the 2024 fiscal year.

To date, there are still a certain number of uncertainties regarding the implementation of the rules relating, in particular, to the scope of application (in particular for companies that apply the SIIC regime or equivalent) and the calculation methods.

As of 30 June 2024, clarifications are still expected from the bodies representing the reform. No provisions for tax relating to the PILLAR 2 rules were recognised in the SIIC scope.

2.2.2.9.1. Tax risks

Due to the complexity and formalism that characterise the tax environment in which Covivio Hotels conducts its activities, the Group is exposed to tax risks. After consulting our advisors, if a tax treatment presents a risk of adjustment, a provision is made.

There is no provisioned tax risk at 30 June 2024, for which the effects would be likely to significantly affect Covivio Hotels' results or financial position.

2.2.2.9.2. Deferred taxes

The impact of deferred tax liabilities therefore mainly relates to investments to which the SIIC regime does not apply (Belgium, Czech Republic, Germany, Hungary, Ireland, Italy, Netherlands, Poland, Portugal, Spain, United Kingdom). 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.

Deferred tax mainly arises from fair value measurement of the overseas portfolio and from the Operating Properties business (German rate: 15.825%, French rate: 25.83%). Please note that the hotel businesses are taxed at a rate of between 30.18% and 32.28% in Germany and that deferred tax liabilities for this business have also been recognised at this rate.

For the UK, 9 of the 12 companies have entered the UK REIT exemption from 1 January 2024. There is therefore no longer any deferred tax on this part of the portfolio.

2.2.3. SCOPE OF CONSOLIDATION

2.2.3.1. Accounting principles relating to the scope of consolidation

✓ Consolidated subsidiaries and structured entities – IFRS 10

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

The Covivio Hotels group has control when it:

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

The Covivio Hotels 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 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 accounted for in these consolidated accounts 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 statement 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 rate and change in consolidation method

There was no change in the scope of consolidation during the first half of 2024.

2.2.3.3. List of consolidated companies

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

185 Companies	Country	Business sector	Consolidation method in 2024	% interest 2024	% interest 2023
SCA Covivio Hotels	France	Multi-business	Parent company	-	-
HoldCo Iris Dahlia	France	Operating Properties	FC	100,00	-
HoldCo Phoenix	France	Operating Properties	FC	100,00	-
Rocky 1	France	Hotels	FC	100,00	100,00
Rocky 2	France	Hotels	FC	100,00	100,00
Rocky 3	France	Hotels	FC	100,00	100,00
Rocky 4	France	Hotels	FC	100,00	100,00
Rocky 5	France	Hotels	FC	100,00	100,00
Rocky 6	France	Hotels	FC	100,00	100,00
Rocky 7	France	Hotels	FC	100,00	100,00
Rocky 8	France	Hotels	FC	100,00	100,00
Rocky 9	France	Hotels	FC	100,00	100,00
Rocky 10	France	Hotels	FC	100,00	100,00
Rocky 11	France	Hotels	FC	100,00	100,00
SCI Hôtel Porte Dorée	France	Hotels	FC	100,00	100,00
Foncière B4 Hôtel Invest	France	Hotels	FC	50,20	50,20
SARL Loire	France	Hotels	FC	100,00	100,00
Foncière Otello	France	Hotels	FC	100,00	100,00
SNC Hôtel René Clair	France	Hotels	FC	100,00	100,00
Foncière B2 Hôtel Invest	France	Hotels	FC	50,20	50,20
OPCI B2 Hôtel Invest	France	Hotels	FC	50,20	50,20
Foncière B3 Hôtel Invest	France	Hotels	FC	50,20	50,20
Covivio Hôtels Gestion Immobilière	France	Hotels	FC	100,00	100,00
Roco Italy Holdco SRL	Italy	Hotels	FC	100,00	100,00
Dei Dogi Venice Propco SRL (Roco Italy)	Italy	Hotels	FC	100,00	100,00
Bellini Venice Propco SRL (Roco Italy)	Italy	Hotels	FC	100,00	100,00
Palazzo Gaddi Florence Propco SRL (Roco Italy)	Italy	Hotels	FC	100,00	100,00
Palazzo Naiaidi Rome Propco SRL (Roco Italy)	Italy	Hotels	FC	100,00	100,00
New York Palace PropCo Ltd (Roco Hungary)	Hungary	Hotels	FC	100,00	100,00
SC Czech AAD, SRO (Roco Czech Republic)	Czech Rep.	Hotels	FC	100,00	100,00
Sardobal Investment (B&B Poland)	Poland	Hotels	FC	100,00	100,00
Redew en Investment (B&B Poland)	Poland	Hotels	FC	100,00	100,00
Noxw ood Investment (B&B Poland)	Poland	Hotels	FC	100,00	100,00
Cerstock Investment (B&B Poland)	Poland	Hotels	FC	100,00	100,00
Forsmint Investment (B&B Poland)	Poland	Hotels	FC	100,00	100,00
Oxford Spire Hotel Ltd (Rocky operation)	United Kingdom	Hotels	FC	100,00	100,00
Oxford Thames Limited (Rocky operation)	United Kingdom	Hotels	FC	100,00	100,00
Blythswood Square Hotel Glasgow Holdco Ltd (Rocky operation)	United Kingdom	Hotels	FC	100,00	100,00
George Hotel Investments Holdco Ltd (Rocky operation)	United Kingdom	Hotels	FC	100,00	100,00
Grand Central Hotel Company Holdco Ltd (Rocky operation)	United Kingdom	Hotels	FC	100,00	100,00
Lagonda Leeds Holdco Ltd (Rocky operation)	United Kingdom	Hotels	FC	100,00	100,00
Lagonda Palace Holdco Ltd (Rocky operation)	United Kingdom	Hotels	FC	100,00	100,00
Lagonda Russell Holdco Ltd (Rocky operation)	United Kingdom	Hotels	FC	100,00	100,00
Lagonda York Holdco Ltd (Rocky operation)	United Kingdom	Hotels	FC	100,00	100,00
Oxford Spire Hotel Holdco Ltd (Rocky operation)	United Kingdom	Hotels	FC	100,00	100,00
Oxford Thames Holdco Ltd (Rocky operation)	United Kingdom	Hotels	FC	100,00	100,00
Roxburghe Investments Holdco Ltd (Rocky operation)	United Kingdom	Hotels	FC	100,00	100,00
The St David's Hotel Cardiff Holdco Ltd (Rocky operation)	United Kingdom	Hotels	FC	100,00	100,00
Wotton House Properties Holdco Ltd (Rocky operation)	United Kingdom	Hotels	FC	100,00	100,00
Blythswood Square Hotel Glasgow Ltd (Rocky – Propco operation)	United Kingdom	Hotels	FC	100,00	100,00
George Hotel Investments Ltd (Rocky – Propco operation)	United Kingdom	Hotels	FC	100,00	100,00
Grand Central Hotel Company Ltd (Rocky – Propco operation)	United Kingdom	Hotels	FC	100,00	100,00
Lagonda Leeds PropCo Ltd (Rocky – Propco operation)	United Kingdom	Hotels	FC	100,00	100,00
Lagonda Palace PropCo Ltd (Rocky – Propco operation)	United Kingdom	Hotels	FC	100,00	100,00
Lagonda Russell PropCo Ltd (Rocky – Propco operation)	United Kingdom	Hotels	FC	100,00	100,00
Lagonda York PropCo Ltd (Rocky – Propco operation)	United Kingdom	Hotels	FC	100,00	100,00
Roxburghe Investments Propco Ltd (Rocky – Propco operation)	United Kingdom	Hotels	FC	100,00	100,00
The St David's Hotel Cardiff Ltd (Rocky – Propco operation)	United Kingdom	Hotels	FC	100,00	100,00
Wotton House Properties Ltd (Rocky – Propco operation)	United Kingdom	Hotels	FC	100,00	100,00
Rocky Covivio Limited	United Kingdom	Hotels	FC	100,00	100,00
HEM Diestelkade Amsterdam BV (LH1 2 operation)	Netherlands	Hotels	FC	100,00	100,00
Delta Hotel Amersfoort BV	Netherlands	Hotels	FC	100,00	100,00
Hôtel Amsterdam Noord	Netherlands	Hotels	FC	100,00	100,00
Hôtel Amersfoort	Netherlands	Hotels	FC	100,00	100,00
NH Amsterdam Center Hôtel HLD	Netherlands	Hotels	FC	100,00	100,00
Stadhouderskade Amsterdam BV	Netherlands	Hotels	FC	100,00	100,00
MO Lux 1 SARL	Luxembourg	Hotels	FC	100,00	100,00
LHM Holding Lux SARL	Luxembourg	Hotels	FC	100,00	100,00
LHM PropCo Lux SARL	Luxembourg	Hotels	FC	90,00	90,00
H Invest Lux	Luxembourg	Hotels	FC	100,00	100,00
H Invest Lux 2	Luxembourg	Hotels	FC	100,00	100,00
Murdelux SARL	Luxembourg	Hotels	FC	100,00	100,00
FDM Rocatiera	Spain	Hotels	FC	100,00	100,00
Bardiomar	Spain	Hotels	FC	100,00	100,00
Trade Center Hotel	Spain	Hotels	FC	100,00	100,00
B&B Invest Spain SLU	Spain	Hotels	FC	100,00	100,00
Portmurs	Portugal	Hotels	FC	100,00	100,00
B&B Invest Lux 1	Germany	Hotels	FC	100,00	100,00
B&B Invest Lux 2	Germany	Hotels	FC	100,00	100,00
B&B Invest Lux 3	Germany	Hotels	FC	100,00	100,00
Mo First Five	Germany	Hotels	FC	84,60	84,60
B&B Invest Lux 4	Germany	Hotels	FC	100,00	100,00
MO Dreilinden, Nederrad	Germany	Hotels	FC	94,00	94,00
MO Berlin et Köln	Germany	Hotels	FC	94,00	94,00
Ringer	Germany	Hotels	FC	100,00	100,00
B&B Invest Lux 5	Germany	Hotels	FC	93,00	93,00
Ulysse Belgique	Belgium	Hotels	FC	100,00	100,00
Ulysse Trefonds	Belgium	Hotels	FC	100,00	100,00
Foncière No Bruxelles Grand Place	Belgium	Hotels	FC	100,00	100,00
Foncière No Bruxelles Aéroport	Belgium	Hotels	FC	100,00	100,00
Foncière No Bruges Centre	Belgium	Operating Properties	FC	100,00	100,00
Foncière Gand Centre	Belgium	Hotels	FC	100,00	100,00
Foncière Gand Opéra	Belgium	Hotels	FC	100,00	100,00
Foncière IB Bruxelles Grand-Place	Belgium	Hotels	FC	100,00	100,00
Foncière IB Bruxelles Aéroport	Belgium	Hotels	FC	100,00	100,00
Foncière IB Bruges Centre	Belgium	Operating Properties	FC	100,00	100,00
Foncière Antwerp Centre	Belgium	Hotels	FC	100,00	100,00
Foncière Bruxelles Expo Atomium	Belgium	Hotels	FC	100,00	100,00
Sunparks Oostduinkerke	Belgium	Hotels	FC	100,00	100,00
Foncière Vielsam	Belgium	Hotels	FC	100,00	100,00
Sunparks Trefonds	Belgium	Hotels	FC	100,00	100,00
Foncière Kempense Meren	Belgium	Hotels	FC	100,00	100,00
Opco Hotel Stadt Berlin Betriebs (Park-Inn) – Rock	Germany	Operating Properties	FC	94,90	94,90
Berlin III (Propco Mercure Potsdam) – Rock	Germany	Operating Properties	FC	94,90	94,90
Opco Hotel Potsdam Betriebs (Mercure Potsdam) – Rock	Germany	Operating Properties	FC	94,90	94,90
Dresden II (Propco Ibis Hotel Dresden) – Rock	Germany	Operating Properties	FC	94,90	94,90

Company	Country	Business sector	Consolidation method in 2024	% interest 2024	% interest 2023
Dresden II (propco Ibis Hotel Dresden) – Rock	Germany	Operating Properties	FC	94,90	94,90
Dresden IV (propco Ibis Hotel Dresden) - Rock	Germany	Operating Properties	FC	94,90	94,90
Opco BKL Hotelbetriebsgesellschaft (Dresden II to IV) – Rock	Germany	Operating Properties	FC	94,90	94,90
Dresden V (propco Pullman New a Dresden) – Rock	Germany	Operating Properties	FC	94,90	94,90
Opco Hotel New a Dresden Betriebs (Pullman) – Rock	Germany	Operating Properties	FC	94,90	94,90
Leipzig I (propco Westin Leipzig) – Rock	Germany	Operating Properties	FC	94,90	94,90
Opco HotelgesellschaftGerberst. Betriebs (Westin Leipzig) - Rock	Germany	Operating Properties	FC	94,90	94,90
Leipzig II (propco Radisson Blu Leipzig) – Rock	Germany	Operating Properties	FC	94,90	94,90
Opco Hotel Deutschland Leipzig Betriebs (Radisson Blu) – Rock	Germany	Operating Properties	FC	94,90	94,90
Erfurt I (propco Radisson Blu Erfurt) – Rock	Germany	Operating Properties	FC	94,90	94,90
Opco Hotel Kosmos Erfurt (Radisson Blu) – Rock	Germany	Operating Properties	FC	94,90	94,90
Opco Grand Hotel Berlin Betriebs (Westin Berlin) – Rock	Germany	Operating Properties	FC	94,90	94,90
Berlin II (Propco Park Inn Alexanderplatz) – Rock	Germany	Operating Properties	FC	94,90	94,90
Berlin I (Propco Westin Grand Berlin) – Rock	Germany	Operating Properties	FC	94,90	94,90
SOHO 2 SAS	France	Operating Properties	FC	100,00	100,00
OPCO Rosace	France	Operating Properties	FC	100,00	100,00
SCI Rosace	France	Operating Properties	FC	100,00	100,00
SLIH HIR	France	Operating Properties	FC	100,00	100,00
SLIH HG	France	Operating Properties	FC	100,00	100,00
SLIH HDB	France	Operating Properties	FC	100,00	100,00
SLIH GHB	France	Operating Properties	FC	100,00	100,00
SLIH CP	France	Operating Properties	FC	100,00	100,00
SLIH AD	France	Operating Properties	FC	100,00	100,00
Société nouvelle de l'hôtel Plaza SAS (opco Nice) (Roco France)	France	Operating Properties	FC	100,00	100,00
Constance	France	Operating Properties	FC	100,00	100,00
Nice – M	France	Operating Properties	FC	100,00	100,00
Hermitage Holdco	France	Operating Properties	FC	100,00	100,00
Ruhl Côte d'Azur	France	Operating Properties	FC	100,00	100,00
SLIH – Société Lilloise Investissement Immobilier Hôtellerie SA	France	Operating Properties	FC	100,00	100,00
OPCO 2 Bruges NV (Opco Belgium)	Belgium	Operating Properties	FC	100,00	100,00
Airport Garden Hotel NV	Belgium	Operating Properties	FC	100,00	100,00
Exco Hôtel	Belgium	Operating Properties	FC	100,00	100,00
Invest Hôtel	Belgium	Operating Properties	FC	100,00	100,00
FDM M Lux	Luxembourg	Operating Properties	FC	100,00	100,00
Dresden Dev SARL	Luxembourg	Operating Properties	FC	94,90	94,90
Rock Lux opco	Luxembourg	Operating Properties	FC	100,00	100,00
Constance Lux 1	Luxembourg	Operating Properties	FC	100,00	100,00
Constance Lux 2	Luxembourg	Operating Properties	FC	100,00	100,00
Rock-Lux	Luxembourg	Operating Properties	FC	100,00	100,00
Lagonda Leeds Opco Ltd (Opco UK)	United Kingdom	Operating Properties	FC	100,00	100,00
Lagonda York Opco Ltd (Opco UK)	United Kingdom	Operating Properties	FC	100,00	100,00
Wotton House Properties Opco Limited (Opco UK)	United Kingdom	Operating Properties	FC	100,00	100,00
Honeypool (Holding Hilton Dublin)	Ireland	Operating Properties	FC	100,00	100,00
Thornmont Ltd (Propco Hilton Dublin)	Ireland	Operating Properties	FC	100,00	100,00
Kilmainham Property Holdings (Hilton Dublin)	Ireland	Operating Properties	FC	100,00	100,00
Iris Holding France	France	Hotels	EMEA	19,90	19,90
OPCI Iris Invest 2010	France	Hotels	EMEA	19,90	19,90
Foncière Iris SAS	France	Hotels	EMEA	19,90	19,90
Sables d'Olonne SAS	France	Hotels	EMEA	19,90	19,90
Iris investor Holding GmbH	Germany	Hotels	EMEA	19,90	19,90
Iris General partner GmbH	Germany	Hotels	EMEA	10,00	10,00
Iris Berlin GmbH	Germany	Hotels	EMEA	19,90	19,90
Iris Bochum & Essen GmbH	Germany	Hotels	EMEA	19,90	19,90
Iris Frankfurt GmbH	Germany	Hotels	EMEA	19,90	19,90
Iris Verw altungs GmbH & co KG	Germany	Hotels	EMEA	18,90	18,90
Iris Nurnberg GmbH	Germany	Hotels	EMEA	19,90	19,90
Iris Stuttgart GmbH	Germany	Hotels	EMEA	19,90	19,90
Narcisse Holding Belgique	Belgium	Hotels	EMEA	19,90	19,90
Foncière Bruxelles Tour Noire	Belgium	Hotels	EMEA	19,90	19,90
Foncière Louvain	Belgium	Hotels	EMEA	19,90	19,90
Foncière Bruxelles Centre Gare	Belgium	Hotels	EMEA	19,90	19,90
Tulipe Holding Belgique	Belgium	Hotels	EMEA	19,90	19,90
Iris Tréfonds	Belgium	Hotels	EMEA	19,90	19,90
Foncière Louvain Centre	Belgium	Hotels	EMEA	19,90	19,90
Foncière Liège	Belgium	Hotels	EMEA	19,90	19,90
Foncière Bruxelles Aéroport	Belgium	Hotels	EMEA	19,90	19,90
Foncière Bruxelles Sud	Belgium	Hotels	EMEA	19,90	19,90
Foncière Bruges Station	Belgium	Hotels	EMEA	19,90	19,90
OPCI Camp Invest	France	Hotels	EMEA	19,90	19,90
SAS Campelli	France	Hotels	EMEA	19,90	19,90
SCI Dahlia	France	Hotels	EMEA	20,00	20,00
Jouron (Phoenix Belgium)	Belgium	Hotels	EMEA	33,33	33,33
Foncière Bruxelles Sainte Catherine (Phoenix)	Belgium	Hotels	EMEA	33,33	33,33
Foncière Gand Cathédrale (Phoenix)	Belgium	Hotels	EMEA	33,33	33,33
Foncière IGK (Phoenix)	Belgium	Hotels	EMEA	33,33	33,33
Kombon SAS (Phoenix)	France	Hotels	EMEA	33,33	33,33
OPCI Otelli (Phoenix)	France	Hotels	EMEA	31,15	31,15
CBI Orient (Phoenix)	France	Hotels	EMEA	31,15	31,15
CBI Express (Phoenix)	France	Hotels	EMEA	31,15	31,15

The registered office of the parent company Covivio Hotels and its main fully consolidated French subsidiaries is in Rue de Madrid – 75008 Paris. The registered office of its main Luxembourg subsidiaries is located at 21 avenue de la Gare, L-1611 Luxembourg.

There are 185 companies in the Covivio Hotels Group, including 150 fully consolidated companies and 34 equity affiliates.

2.2.3.4. Assessment of control✓ **OPCI Foncière B2 Hôtel Invest (consolidated structured entity)**

OPCI Foncière B2 Hôtel Invest, 50.2% owned by Covivio Hotels as at 30 June 2024, is fully consolidated. Governance decisions at the OPCI are taken by a majority of the six members of the Board of Directors (Covivio Hotels has three representatives including the Chairman, who has a casting vote in the event of a tie).

Considering the rules of governance that grant Covivio Hotels powers giving it the ability to affect asset yields, the company is fully consolidated.

2.2.4. SIGNIFICANT EVENTS OF THE PERIOD

Significant events during the period were as follows:

2.2.4.1. Business update

The first part of 2024 marks a continuity of activity, with occupancy rates rising and average prices well above the level of 2019. This continued growth is reflected in:

- an increase in rental income on the variable portion of rents for +€3.3 million;
- the -€2.0 million decrease in the EBITDA of hotels under management is mainly related to the end of the guaranteed minimum on a hotel in Roissy (-€1 million) and the closure of a hotel in Brugge for renovation work.

2.2.4.2. Vauban protocol

An agreement with AccorInvest was signed on 20 June 2024 and should cover the disposal of 10 assets (€208 million) at the end of the year. In return, Covivio Hotels will receive 24 hotel operating companies already held by the Group.

The agreement also applies to hotels held in joint ventures (two joint ventures). Covivio Hotels and these partners will acquire 19 business assets in exchange for the sale of 6 assets.

2.2.4.3. Asset disposal

During the first half of 2024, Covivio Hotels sold two hotels for €19.8 million net of expenses. Covivio Hotels signed commitments for two hotels in France (€15.8 million) and four retails (€5.8 million). As of 30 June 2024, an agreement had also been signed for four hotels in Germany for €30.5 million.

2.2.4.4 Disposal of securities

During the first half of 2023, Covivio Hotels signed a preliminary sale agreement on shares of the company Bardiomar (owning an hotel in Spain) for €75 million. A deposit of €1.5 million was received from the future buyer.

In accordance with IFRS 5, the company's assets and liabilities have been downgraded to other assets and liabilities held for sale for €7.7 million as assets, in addition to the reclassification of real estate assets (€75 million) and €6.5 million in liabilities. The transaction should be finalised at the beginning of the second half of 2024 following the go-ahead from the Barcelona municipal authorities.

2.2.4.5. Financing and reimbursement

Covivio Hotels subscribed on 15 May 2024 to a green bond of €500 million with a maturity of 9 years. Covivio Hotels made a partial redemption of £130 million (€150 million) out of the £400 million subscribed in 2018.

Over the half-year, Covivio Hotels also issued commercial paper for €96 million.

2.2.5. NOTES TO THE STATEMENT OF FINANCIAL POSITION

2.2.5.1. Portfolio

2.2.5.1.1. Accounting principles relating to tangible and intangible assets

✓ Business combinations (IFRS 3) and goodwill from acquisitions

An entity must determine whether a transaction or event constitutes a business combination within the meaning of the definition of IFRS 3, which stipulates that a business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return directly to investors in the form of dividends, lower costs or other economic advantages.

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

To determine whether a transaction constitutes a business combination, the Group considers whether an integrated set of businesses is acquired in addition to real estate. The criteria the Group uses may be the number of assets and the existence of a process such as asset management or sales and marketing units.

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. Impairment testing consists of comparing the net book value of tangible and intangible fixed assets and related goodwill with the valuation of the hotels in the "Operating Properties" activity carried out by 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 of an acquisition classified as a business combination are recognised in expenses in accordance with IFRS 3 under "Income from changes in scope" in the income statement, while acquisition costs not classified as a business combination are booked as part of the asset value 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.

Buildings which are operating properties are recognised as tangible fixed assets at amortised cost.

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.

The Covivio Hotels portfolio is appraised by independent experts who are members of AFREXIM (in particular Cushman, BNP Paribas Real Estate, CBRE, BPCE Expertise, MKG) on a half-yearly basis, with two appraisals, one on 30 June and the other on 31 December.

The assets were estimated at values excluding and including duties, and rents at market value. They are accounted for at their net market value.

The methodology changes according to the type of asset:

- Valuation of hotel real estate

The value of hotel real estate was determined by discounting future annual net income on the basis of the following principles:

- most of the cash flow forecasts were valued over ten years;
 - cash flow is determined on the basis of rental income, which is in turn dependent on hotel real estate revenues, and direct investments by Covivio Hotels are deducted from cash flow;
 - rental income is calculated by applying a fixed rate to hotel revenues. Rates vary depending on the brand and the asset location;
 - discount and capitalisation rates are determined on the basis of risk-free interest rates plus a risk premium related to the property.
- Valuation of Club Méditerranée in Portugal

The resort was valued by capitalising the rental income that it is likely to generate.

- Valuation of non-material activities

The restaurants (Courtepaille) were valued by capitalising the rental income they are likely to generate (having regard to the estimated level of the standardised rent that the asset is likely to carry) as well as by discounting all the rental income over the residual term of the lease.

The resulting values are also cross-checked with the initial yield rate, monetary values per m² 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 all categorised at level 3 according to the IFRS 13 fair value hierarchy.

✓ Assets under development (IAS 40)

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

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

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

✓ Right-of-use (IFRS 16)

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

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

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

✓ **Tangible fixed assets (IAS 16)**

Pursuant to the preferred method proposed by IAS 16, managed hotels under the Operating Properties business line (Own Occupied Buildings - occupied or operated by Group teams) are carried at historical cost less accumulated depreciation and any potential impairment. They are amortised over their expected useful life according to a components-based approach.

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

Buildings	50 to 60 years
General facilities and building improvements	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 Hotels 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 begun.

For Covivio Hotels, only assets corresponding to the above criteria and/or for which a preliminary sale agreement has been signed are classified as assets held for sale.

If a preliminary sale agreement 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

<i>(In € thousand)</i>	31/12/2023	Increases/ Charges	Disposals	Change in fair value	Transfers	Change in exchange rate	30/06/2024
Intangible fixed assets	117 578	-788	0	0	-1	0	116 789
Goodwill	117 350	-823	0	0	0	0	116 527
Other intangible fixed assets	228	35	0	0	-1	0	262
Gross amounts	2 172	99	-8	0	-1	0	2 262
Depreciation	-1944	-64	8	0	0	0	-2 000
Tangible fixed assets	1 109 694	-2 721	-4	0	1 051	2 375	1 110 395
Operating properties	1 083 629	-15 709	0	0	1 817	2 370	1 072 107
Gross amounts	1484 103	2 343	0	0	1 139	2 556	1490 141
Depreciation	-400 474	-18 052	0	0	678	-186	-418 034
Other tangible fixed assets	15 799	-1 286	-4	0	155	0	14 664
Gross amounts	140 459	1243	-327	0	-2 967	0	138 407
Depreciation	-124 659	-2 529	323	0	3 122	0	-123 744
Assets in progress	10 266	14 275	0	0	-921	5	23 625
Investment properties	4 655 245	5 132	-16 280	19 548	-194 710	15 632	4 484 567
Investment properties	4 655 245	5 132	-16 280	19 548	-194 710	15 632	4 484 567
Leases ⁽¹⁾	243 373	0	0	-269	1 067	3 899	248 070
Assets held for sale	161 915	308	0	1 359	198 449	0	362 031
Assets held for sale	155 450	308	0	1 359	197 167	0	354 284
Other assets held for sale	6 465	0	0	0	1 282	0	7 747
Total	6 044 433	1 931	-16 284	20 907	4 789	18 008	6 073 783

(1) The "Leases" section details the right-of-use assets on investment property and the "Transfers" column concerns the indexation of leases as well as the reclassification of the right of an asset held for sale.

- Intangible fixed assets

Goodwill on hotels operated as Operating Properties decreased by €0.8 million due to the impairment realised in connection with the appraisal value of one building in France and one in Germany.

At 30 June 2024, goodwill sensitivity tests were carried out. A decrease of 2.5% in appraisal values would result in additional impairment of €1.1 million and a decrease of 5% in values would result in additional impairment of €2.7 million.

- Tangible fixed assets

The portfolio of hotels held as operating properties totalled €1,110.4 million at 30 June 2024. They are recognised in the "Tangible fixed assets" line item. In accordance with IFRS, the owner-occupied buildings do not meet the definition of investment property and are measured and recognised at amortised cost.

The column increases and depreciation of tangible fixed assets (-€2.7 million) mainly consists of:

- depreciation and amortisation for the period for -€20.5 million of assets already present at 31 December 2023;
- work carried out in Belgium (€12.1 million), Germany (€2.4 million), France (€1.2 million) and the renewal of equipment in hotels in operation (€1.4 million);

The "transfers" column (€1.1 million) mainly includes the indexation of long-term leases treated in accordance with IFRS 16.

- Investment properties and assets held for sale

Under IFRS, investment properties and assets held for sale are measured in accordance with the fair value principle. A reclassification of other assets held for sale was carried out in connection with the agreement to sell the shares of a company in Spain holding an asset.

The increases in investment properties (€5.1 million) mainly consist of:

- the impact of rent-free periods net of linearisations for €1.9 million;

- work for €1.9 million in Spain, €0.8 million on B&B hotels in France and €1.2 million on Accor hotels.

Disposals of €16.3 million relate to the sale of two hotels.

The change in fair value increased by €20.9 million over the period and is linked to the slight increase in appraisal values over the half-year and new commitments signed.

The foreign exchange impact of €15.6 million over the half-year is mainly due to the increase in the pound sterling (€19.9 million) less the decrease in the Hungarian Forint (-€3.8 million).

The amount of the “Disbursements related to acquisition of tangible and intangible fixed assets” line item in the Statement of Cash Flows totalled -€22.4 million. It corresponds to the total of the “Increases” column, ignoring the impact of charges (-€21.5 million) in the table of changes in fixed assets *i.e.* +€21.2 million (excluding rights of use) restated for the change in trade payables on fixed assets (+€1.0 million) and the impact of the step rental schemes and rent relief included in the appraisal values (-€1.9 million).

2.2.5.1.3. Appraisal 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 real estate appraisers:

Grouping of comparable assets	Level	Yield rate (min. – max.)	Yield rate (weighted average)	DCF discount rate	Average discount rate	Appraisal value (in €M)
Germany	Level 3	4.6% - 6.0%	5,3%	5.1% - 7.6%	6,5%	624
Belgium	Level 3	6.1% - 9.0%	7,6%	8.4% - 11.3%	9,9%	206
Spain	Level 3	4.2% - 7.4%	5,1%	6.1% - 9.3%	7,0%	629
France	Level 3	4.4% - 7.3%	5,2%	6.0% - 10.0%	7,1%	1 681
Netherlands	Level 3	0.0% - 0.0%	0,0%	7.3% - 10.3%	7,9%	159
UK	Level 3	4.5% - 6.5%	5,1%	6.5% - 8.5%	7,1%	683
Others	Level 3	5.7% - 7.6%	6,1%	8.0% - 9.5%	8,3%	564
Hotels - Lease properties	Level 3	4.2% - 9.0%	5,5%	5.1% - 11.3%	7,3%	4 545
Other activities (non-material)	Level 3	6.5% - 10.0%	7,1%	8.6% - 12.1%	9,1%	45
Total investment properties, excluding development portfolio and rights of use						4 591
Rights-of-use	Level 3					248
Assets held for sale						8
Total						4 847

As of 31 December 2023, the data was as follows:

Grouping of comparable assets	Level	Yield rate (min. – max.)	Yield rate (weighted average)	DCF discount rate	Average discount rate	Appraisal value (in €M)
Germany	Level 3	4.6% - 6.0%	5,3%	5.1% - 7.5%	6,5%	627
Belgium	Level 3	6.1% - 8.8%	7,5%	8.4% - 10.7%	9,6%	205
Spain	Level 3	4.2% - 7.4%	5,3%	6.1% - 9.3%	7,3%	636
France	Level 3	4.4% - 8.3%	5,2%	6.0% - 8.8%	7,0%	1 668
Netherlands	Level 3	5.0% - 6.3%	5,6%	7.0% - 8.3%	7,6%	159
UK	Level 3	4.5% - 6.5%	5,1%	6.5% - 8.5%	7,1%	662
Others	Level 3	5.6% - 7.5%	6,1%	8.0% - 9.4%	8,3%	559
Hotels - Lease properties	Level 3	4.2% - 8.8%	5,5%	5.1% - 10.7%	7,3%	4 516
Other activities (non-material)	Level 3	7.55% - 8.0%	0,2%	9.45% - 10.4%	0,2%	51
Total investment properties, excluding development portfolio and rights of use						4 567
Rights-of-use	Level 3					243
Assets held for sale						6
Total						4 817

Impact of changes in the yield rate on the change in the fair value of real estate assets:

(In € million)	Weighted average yield rate	Yield -25 bps	Yield +25 bps
Hotels in Europe	6,0%	203,2	-186,6
Total	6,0%	203,2	-186,6

- If the yield rate excluding taxes drops 25 bps (-0.25 points), the market value excluding taxes of the real estate assets will increase by €203.2 million;
- If the yield rate excluding taxes increases by 25 bps (+0.25 points), the market value excluding taxes of the real estate assets will decrease by -€186.6 million.

Impact of changes in the discount rate on the change in the fair value of real estate assets:

On the basis of a significant sample of the portfolio of hotel leases, the sensitivity of the value of the portfolio to changes in the discount rate can be assessed as follows:

- If the discount rate drops 25 bps (-0.25 points), the market value excluding taxes of the real estate assets will increase by about 1.9%, or €85 million;
- If the discount rate increases by 25 bps (+0.25 points), the market value excluding taxes of the real estate assets will decrease by about 1.8%, or €82 million.

2.2.5.2. Financial assets

2.2.5.2.1. Accounting principles related to financial assets

✓ Other financial assets

Other financial assets are made up of investments in non-consolidated companies.

These securities are recognised upon acquisition at cost plus transaction costs. They are then recognised at fair value in the income statement on the closing date. The fair value is arrived at on the basis of recognised valuation techniques (reference to recent transactions, discounted future cash flows, etc.).

Non-consolidated securities are valued at their fair value and changes in value are recorded either in shareholders' equity or in the income statement, depending on the option chosen by the Group for each of these securities in accordance with IFRS 9.

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

✓ Loans

At each closing 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)	31/12/2023	Increase	Decrease	30/06/2024
Ordinary loans ⁽¹⁾	56 722	78	-1 213	55 587
Total loans and current accounts	56 722	78	-1 213	55 587
Advances and advanced payments on purchases of securities ⁽²⁾	2 530	8	0	2 538
Non-consolidated securities ⁽³⁾	201	0	0	201
Total other financial assets	2 731	8	0	2 739
Total	59 453	86	-1 213	58 326

(1) Ordinary loans mainly consist of subordinated loans to equity affiliates for €50.9 million, to an unconsolidated company (€0.7 million) and guarantee deposits paid to municipalities in Spain (€4.6 million).

(2) Prepayment on equity investments to acquire shares in a company in Portugal that will hold a hotel.

(3) Investment in an unconsolidated company.

2.2.5.3. Investments in equity affiliates and joint ventures
2.2.5.3.1. Accounting principles related to investments

Investments in equity affiliates and joint ventures are accounted for by the equity method. According to this method, the Group's investment in equity affiliates or joint ventures is initially accounted for at cost, increased or reduced by the changes, subsequent to the acquisition, in the share of the net assets of the affiliates. The goodwill related to equity affiliates 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 equity affiliates 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 Hotels group.

2.2.5.3.2. Table of investments in equity affiliates and joint ventures

<i>(In € thousand)</i>	% held	30/06/2024	31/12/2023	Share of net income	Dividend payments
IRIS HOLDING France	19,90%	22 442	21 446	997	-0
OPCI IRIS INVEST 2010	19,90%	33 113	32 309	1 439	-635
OPCI CAMPINVEST	19,90%	21 004	21 013	1 304	-1 313
SCI DAHLIA	19,90%	22 264	21 162	1 102	-0
OPCI OTELI (Phoenix)	31,15%	72 147	71 891	3 165	-2 910
KOMBON (Phoenix)	33,33%	23 951	25 187	-139	-1 097
JOURON (Phoenix)	33,33%	12 194	11 582	776	-163
Total		207 115	204 590	8 643	-6 119

Investments in equity affiliates totalled €207.1 million as at 30 June 2024, compared with €204.6 million as at 31 December 2023. The change in profit (-€8.6 million) includes changes in the fair value of buildings (-€3.6 million) and financial instruments (-€0.2 million).

A memorandum of understanding has been signed with AccorInvest to consider the acquisition of 19 hotel going concerns of which the portfolio companies already hold the premises against the sale of six hotels in the portfolio. The transaction should be completed at the end of 2024.

As a reminder, the OPCI Iris Invest 2010 and Iris Holding France holding companies were set up in 2010 and hold a portfolio of thirty-two Accor hotels in France, Belgium and Germany and a B&B Hotels portfolio of thirteen hotels in France and one hotel in Belgium.

The OPCI Campinvest holding company was formed in 2011 and owns a portfolio of 19 Campanile hotels in France.

SCI Dahlia, formed in 2011, held a portfolio of seven Accor hotels in France. Following the change of operator in 2022, two hotels were transferred to the B&B Hotels brand.

The Phoenix portfolio was acquired in July 2019 and now includes twenty-three Accor hotels in France, two Accor hotels in Belgium and two B&B Hotels.

2.2.5.3.3. Breakdown of the shareholding structure of the main equity affiliates and joint ventures

	IRIS HOLDING France	OPCI IRIS INVEST 2010	OPCI CAMPINVEST	SCI DAHLIA	OPCI OTELI (Phoenix)	KOMBON SAS (Phoenix)	JOURON SPRL (Phoenix)
Covivio Hotels group							
Covivio Hotels	19,9%	19,9%	19,9%	20,0%	31,15%	33,33%	33,33%
Non-Group third parties							
PREDICA	80,1%	80,1%	68,8%	80,0%			
PACIFICA			11,3%				
SOGECAP					31,15%	33,33%	33,33%
CAISSE DÉPÔT CONSIGNATION					37,7%	33,33%	33,33%

2.2.5.3.4. Main financial information on equity affiliates and joint ventures

<i>(In € thousand)</i>	Balance sheet total	Total non-current assets	Cash	Total non-current liabilities excluding financial debt	Total current liabilities excluding financial debt	Financial payables	Rental income	Cost of net financial debt	Consolidated net income
IRIS HOLDING France	244 779	179 880	46 512	24 498	2 995	104 361	6 482	-1 017	5 011
OPCI IRIS INVEST 2010	278 303	157 460	30 916	0	5 256	106 650	8 395	-737	7 231
OPCI CAMPINVEST	161 396	131 289	21 492	0	1 971	53 877	5 279	25	6 552
SCI DAHLIA	188 467	160 042	17 064	0	1 528	75 619	4 597	-1 055	5 509
OPCI OTELI	336 912	288 511	19 782	0	3 954	101 348	9 983	-2 343	10 162
KOMBON SAS	140 453	137 460	2 211	12 488	946	55 167	3 624	-1 464	-418
JOURON SPRL	45 852	12 760	4 322	6 881	541	1 847	1 227	-22	2 327

2.2.5.4. Deferred taxes at closing

Given the regimes applicable in France (SIIC regime), Spain (SOCIMI regime) and the UK (REIT regime), the potential tax savings on tax losses carried forward from real estate activities in these countries are not counted.

<i>(In € thousand)</i>	Amount at 31 December 23	Increases		Decreases		Amount at 30 June 24
		By profit / (loss) for the period	Other movements and transfers	By profit / (loss) for the period	Change in exchange rate	
DTA on temporary differences	558	-1 060	3 926	-217	0	3 208
DTA on fixed asset FV	-1 157	-2 355	-1 916	0	0	-5 428
DTA on FV cash instruments	9	-4	-5	0	0	0
DTA on losses carried forward	22 534	-1 714	-2 474	34	0	18 380
	21 944	-5 133	-468	-183	0	16 160
DTA/DTL offset	2 008		-2 008			0
DTA total	23 952	-5 133	-2 476	-183	0	16 160

<i>(In € thousand)</i>	Amount at 31 December 23	Increases		Decreases		Amount at 30 June 24
		By profit / (loss) for the period	Other movements and transfers	By profit / (loss) for the period	Change in exchange rate	
DTL on temporary differences	10 596	-695	-8 070	-217	0	1 614
DTL on fixed asset FV	198 960	752	9 524	0	0	209 236
DTL on FV cash instruments	917	367	-5	0	0	1 279
DTA on losses carried forward	-2 197	507	-1 917	0	0	-3 607
	208 276	931	-468	-217	0	208 522
DTA/DTL offset	2 008	0	-2 008			0
DTL total	210 284	931	-2 476	-217	0	208 522

Impact on the income statement **-6 064**

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.

Deferred tax liabilities linked to unrealised gains on fixed assets relate to the Hotels segment for €123 million and the Operating Properties segment for €84.1 million.

The Hotel sector fell from €123 million to €130.6 million, mainly due to the slight increase in appraisal values on portfolios abroad.

2.2.5.5. Short-term loans

<i>(In € thousand)</i>	31/12/2023	Increase	Decrease	30/06/2024
Short-term loans	8 955	914	-2 255	7 614
Accrued interest on sw aps	14 838	17 168	-14 835	17 171
Total	23 793	18 082	-17 090	24 785

2.2.5.6. Inventories and work in progress

The Covivio Hotels group's inventories and work-in-progress derive wholly from the hotel operations of the Operating Properties business.

<i>(In € thousand)</i>	30/06/2024	31/12/2023	Variation
Inventories of raw materials and other supplies	2 368	2 246	121
Merchandise inventories	0	198	-198
Total inventories and work-in-progress	2 368	2 444	-77

2.2.5.7. Trade receivables

2.2.5.7.1. Accounting principles related to trade receivables

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

✓ Receivables from operating lease transactions

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

- no provisions are set aside for existing or vacated tenants whose receivables are less than three months overdue;
- 50% of the amount of the receivable for existing tenants whose receivables are between three and six months overdue;
- 100% of the total amount of the receivable for existing tenants whose receivables are more than six months overdue;
- 100% of the total amount of the receivable for departed tenants whose receivables are more than three months overdue.

The arithmetical impairments arising from the rules above are reviewed on a case-by-case basis to factor in any specific situations. Receivables may also be booked as impaired even before a non-payment situation arises.

✓ 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. Table of trade receivables

<i>(In € thousand)</i>	30/06/2024	31/12/2023	Variation
Expenses to be invoiced to tenants	4 934	3 693	1 241
<i>Trade receivables and related accounts</i>	<i>76 452</i>	<i>32 088</i>	<i>44 365</i>
<i>Customers - Invoices to be issued</i>	<i>19 436</i>	<i>12 699</i>	<i>6 737</i>
Total trade receivables	95 888	44 787	51 101
Impairment of trade receivables	-5 446	-5 759	312
Net total trade receivables	95 376	42 721	52 655

Charges to be invoiced mainly comprise the rendering of charges on the portfolio of Operating Properties in Germany.

Gross trade receivables, with a balance of €76.5 million at 30 June 2024, mainly comprise:

- trade receivables in the Operating Properties segment amounted to €42.2 million (an increase of €26.1 million compared to December 2023) in line with the June estimate. By way of comparison, at 30 June 2023, these receivables amounted to €45 million;
- trade receivables from the Hotels segment for €34.3 million (compared with €41 million at 30 June 2023) of which:
 - €4.2 million in deferred rent not yet due in Spain and € 1.1 million in deferred rent not yet due in Italy, Hungary and the Czech Republic;
 - €4.5 million of unpaid receivables in France, fully impaired;
 - unpaid June 2024 receipts and prepaid rent.

Impairment of trade receivables amounted to €5.4 million. They mainly concern retail in France for €4.1 million.

Invoices to be issued for €19.4 million include the re-invoicing of the full-year property tax for €12 million.

Breakdown of trade receivables due:

<i>(In € thousand)</i>	Total	Receivables not yet due	Past due receivables	Past due receivables			
				1-90 days	between 90 days and 180 days	From 181 days to 1 year	>1 year
Trade receivables and related accounts	76 452	44 931	31 521	22 905	2 165	920	5 532
Impairment of trade receivables	-5 446	-91		0	0	-770	-4 586

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

<i>(In € thousand)</i>	30/06/2024	31/12/2023
Impact of changes in inventories and work in progress	80	-96
Impact of changes in trade & other receivables	-53 945	13 548
Impact of changes in trade & other payables	34 114	6 635
Variation in WCR on continuing operations	-19 752	20 087

The changes in trade payables are also explained by the recovery in activity in the Operating Properties segment.

2.2.5.8. Tax and other receivables

<i>(In € thousand)</i>	30/06/2024	31/12/2023	Variation
Tax receivables (IS)	5 277	5 707	-430
Other tax receivables	16 517	15 375	1 142
Other receivables	7 896	10 321	-2 425
Security deposits received	4 050	0	4 050
Current accounts	987	1 056	-69
Total tax receivables and other receivables	34 728	32 459	2 269

Other tax receivables (€16.5 million) mainly concern VAT receivables for (€10 million).

The other receivables item (€7.9 million) mainly concerns the Operating properties business (€4.2 million), in particular the call for funds of Le Méridien expenses (€2.9 million) for the first half of 2024 and €3.7 million for leased properties.

Current accounts have fallen and are exclusively from Foncière Loisirs Vielsam (€0.9 million).

2.2.5.9. Prepaid expenses

<i>(In € thousand)</i>	30/06/2024	31/12/2023	Variation
Prepaid expenses	5 159	3 447	1 712
Total prepaid expenses	5 159	3 447	1 712

Prepaid expenses relate to the Operating Properties business for €2.6 million and hotel leases for €2.5 million.

2.2.5.10. Cash and cash equivalents

2.2.5.10.1. Accounting principles related 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.

2.2.5.10.2. Statement of cash and cash equivalents

<i>(In € thousand)</i>	30/06/2024	31/12/2023
Cash equivalents	374 347	1 503
Cash at bank	97 249	107 277
Gross cash	471 596	108 780

At 30 June 2024, the portfolio of money market securities consisted mainly of traditional money market funds (Level 2).

- 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).

2.2.5.11. Shareholders' equity

2.2.5.11.1. Accounting principles related to shareholders' 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 Shareholders' equity is purchased, sold, issued or cancelled.

2.2.5.11.2. Change in shareholders' equity

The statement of changes in shareholders' equity and movements in the share capital are presented in note 1.1.4.

The Combined General Meeting of 17 April 2024 approved the payment of an ordinary dividend of €193 million, *i.e.* a dividend of €1.30 per share.

The -€5.7 million change in currency translation differences recorded directly under net position mainly comprises the following:

- effect of fluctuations in the pound sterling for +€9.3 million (the closing rate was €1.179760 compared to €1.151930 at opening);
- effect of fluctuations in the Hungarian forint for +€4.2 million;
- effect of fluctuations in the Czech koruna for -€0.9 million;
- impact of net investments abroad (IAS 21 and IFRS 9) on Covivio Hotels for -€1.9 million, broken down into:
 - o exchange differences linked to long-term borrowings and loans by Covivio Hotels denominated in GBP (+€10.1 million),
 - o the change in fair value of the cross-currency swap as a result of the currency movement (-€8.2 million).

At 30 June 2024, the share capital consisted of 148,141,452 fully paid-up shares with a par value of €4.00.

Transaction	Shares issued	Treasury shares	Shares outstanding
Number of shares at 31 December 2023	148 141 452	7 687	148 133 765
Treasury shares – liquidity agreement		0	
Number of shares at 30 June 2024	148 141 452	7 687	148 133 765

This half-year, there was no movement on the liquidity agreement.

2.2.5.12. Statement of liabilities

2.2.5.12.1. Accounting principles related to the statement of liabilities

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”.

Companies belonging to the Covivio Hotels group hold real estate assets *via* finance lease agreements: finance leases (Operating Properties) or long-term leases / construction leases. In this case, the liability recognised as counterparty to the asset is initially recorded at the lower of the fair value of the real estate asset and the present value of minimum lease payments. This debt is amortised as the contracts expire and give rise to the recognition of a financial expense.

The rental liability related to long-term leases/construction leases is presented on the line Short-term or long-term rental liabilities in the balance sheet and the financial expense in the item Interest charges on rental liabilities.

✓ Derivatives and hedging instruments

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

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.

Given the characteristics of its debt, Covivio Hotels does not qualify for hedge accounting. All derivative instruments are accounted for at fair value, and changes are reflected in the income statement, with the exception of the portion of the cross-currency swap hedging exchange rate risk, which is described as net foreign investment hedging.

2.2.5.12.2. Debt tables

<i>(In € thousand)</i>	31/12/2023	Increase	Decrease	Transfers	Other changes	30/06/2024
Bank loans	1 278 335	0	-160 980	4	0	1 117 359
Bonds	949 000	500 000	0	0	0	1 449 000
Other borrowings (1)	4 336	0	-0	0	0	4 336
Commercial paper	213 000	96 000	0	0	0	309 000
Subtotal interest-bearing loans	2 444 671	596 000	-160 980	4	0	2 879 695
Accrued interest	22 387	29 063	-22 276	0	0	29 174
Deferral of loan expenses	-12 362	2 797	-5 026	0	0	-14 592
Creditor banks	95	0	0	0	34 494	34 589
Total Borrowings (Lt/St)	2 454 791	627 860	-188 282	4	34 494	2 928 866
<i>of which Long-term</i>	2 198 955	502 667	-161 315	-82 447	0	2 457 859
<i>of which Short-term</i>	255 836	125 193	-26 967	82 451	34 494	471 007
Valuation of financial instruments	-105 110				-12 469	-117 580
<i>of which Assets</i>	-177 634				-23 173	-200 807
<i>of which Liabilities</i>	72 524				10 703	83 228
Total borrowings and derivatives	2 349 681	627 860	-188 282	4	22 025	2 811 287

(1) These are loans to partnerships from shareholders other than Covivio Hotels. At 30 June 2024, the balance of €4.3 million mainly consisted of companies in the Operating Properties portfolio in Germany.

In the first half of 2024, the Covivio Hotels group subscribed to a new bond issue for an amount net of fees of €495 million and issued new commercial paper for €96 million.

The line “inflows related to new borrowings” in the cash flow statement (+€592.6 million) corresponds to the column Increase in interest-bearing borrowings (+€585.8 million) and the increase in the loan in pound sterling (+€5.1 million) restated for lease liabilities (-€1.6 million).

The “Repayment of borrowings” line of the cash flow statement (-€169.7 million) corresponds to the column decrease in interest-bearing borrowings (-€161.0 million), restated for currency translation differences (-€6.2 million) and the impacts of lease liabilities (-€2.1 million).

Net financial debt is presented below:

		30/06/2024	31/12/2023
Gross cash (a)	4.2.5.10.2	471 596	108 780
Debit balances and bank overdrafts from continuing operations (b)	4.2.5.12.2	-34 589	-95
Net cash and cash equivalents (c) = (a) - (b)		437 007	108 685
Of which available cash		471 596	108 780
<i>Total interest-bearing loans</i>	4.2.5.12.2	2 879 695	2 444 670
<i>Accrued interest</i>	4.2.5.12.2	29 174	22 387
Gross debt (d)		2 908 869	2 467 057
Amortisation of financing costs (e)		-14 592	-12 362
Net debt (d) - (c) + (e)		2 457 270	2 346 010

2.2.5.12.3. Bank loans

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

<i>(In € thousand)</i>	Secured debt	Appraisal value 30 June 2024	Outstanding debt at 30 June 2024	Date of signature	Initial nominal	Maturity
	£400 million (2018) – ROCKY		318 535	24/07/2018	475 145	24/07/2026
	€178 million (2020) - PARKINN AP BERLIN		173 461	30/12/2019	178 000	30/12/2029
	€150 million (2023) – OPCIB2 HI (B&B)		149 000	20/10/2023	150 000	20/10/2030
	>€100 M	1 557 400	640 996			
	<€100 M	1 696 321	442 798			
	TOTAL COLLATERALISED	3 253 721 ⁽¹⁾	1 083 794			
	€599 million (2021) - Bond issue		599 000	27/07/2021	599 000	27/07/2029
	€500 million (2024) - Bond issue		500 000	23/05/2024	500 000	23/05/2033
	NEU CP Covivio Hotels programme		309 000			
	€350 million (2018) - Bond issue		350 000	24/09/2018	350 000	24/09/2025
	>€100 M	0	1 758 000			
	<€100 M	2 729 714	33 571			
	TOTAL UNENCUMBERED	2 729 714	1 791 571			
	Other liabilities		4 336			
	Grand total	5 983 435	2 879 701			

(1) Value excluding duties of collateralised assets (mortgages or pledges of securities of companies holding them).

The borrowings are valued after their initial recognition at cost, amortised based on the effective interest rate. The average interest rate on debt of the consolidated debt of Covivio Hotels at 30 June was 2.32% (versus 2.43% at 31 December 2023).

Collateralised fixed assets represented 54.4% of total fixed assets. This collateral is provided for the same term as the underlying financing.

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

<i>(In € thousand)</i>	Outstandings at 30 June 2024	Maturity to -1 year	Outstandings at 30 June 2025	Maturity from 2 to 5 years	Maturity +5 years
Fixed-rate long-term financial liabilities	1 533 224	0	1 533 224	434 224	1 099 000
Bank borrowings and finance leases	79 889	0	79 889	79 889	0
Total Borrowings and bonds	79 889	0	79 889	79 889	0
Bonds	1 449 000	0	1 449 000	350 000	1 099 000
Total debts represented by securities	1 449 000	0	1 449 000	350 000	1 099 000
Other borrowings	4 336	0	4 336	4 336	0
Floating-rate financial debt	1 346 470	410 883	935 594	627 473	308 114
Bank borrowings and finance leases	1 037 470	101 883	935 594	627 473	308 114
Total Borrowings and bonds	1 037 470	101 883	935 594	627 473	308 114
<i>Commercial paper</i>	<i>309 000</i>	<i>309 000</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total debts represented by securities	309 000	309 000	0	0	0
Total	2 879 695	410 883	2 468 818	1 061 697	1 407 114

2.2.5.12.4. Bonds

The characteristic features of bonds are as follows:

Features			
Issue date	24/09/2018	27/07/2021 02/11/2021	23/05/2024
Issue amount (in €M)	350	599	500
Partial reimbursement (in €M)	0	0	0
Nominal amount following partial redemption (in €M)	350	599	500
Nominal amount of a bond (in €)	100 000	100 000	100 000
Nominal amount of a bond after partial redemption (in €)	100 000	100 000	100 000
Number of units issued	3 500	5 990	5 000
Nominal rate	1,875%	1,000%	4,125%
Maturity	24/09/2025	27/07/2029	23/05/2033

The bond debt in the consolidated financial statements stood at €1,449 million at 30 June 2024. The fair value of these bonds at 30 June 2024 was €1,351.8 million compared with €858.3 million at 31 December 2023, after the new €500 million bond issue in May 2024. The difference between the net book value and the fair value of fixed-rate debt (valued at the risk-free rate, excluding loan spreads) was -€97.2 million at 30 June 2024. The impact of the loan spread would be +€6.8 million.

2.2.5.12.5. Derivatives

Derivative financial instruments consist mainly of rate hedging instruments put in place as part of the Group's interest rate hedging policy. These derivative instruments are recognised at their fair value and changes are recorded in the income statement, as they are not eligible for hedge accounting under IFRS 9.

(In € thousand)	31/12/2023	Restructuring payments	P&L impact	Shareholders' equity impact	30/06/2024
	Net				Net
Financial instruments	105 110	0	20 686	-8 217	117 580
Total	105 110	0	20 686	-8 217	117 580
				Cash instruments – Liabilities	83 228
				Cash instruments – Assets	200 807

In accordance with IFRS 13, the fair values include the counterparty default risk (CDA/DVA) for -€4.0 million as at 30 June 2024 compared with -€3.6 million as at 31 December 2023.

The “Unrealised gains and losses relating to changes in fair value” line in the Statement of Cash Flows (-€41.6 million), which makes it possible to calculate cash flows from operating activities, incorporates the impact of changes in the value of cash instruments (-€20.7 million) and the change in the value of Investment Properties (-€20.9 million).

The -€8.2 million impact on shareholders' equity corresponds to the change over the period in the exchange rate on cross-currency swaps used to hedge our UK investments.

Breakdown of hedging instruments by maturity of notional values:

<i>(In € thousand)</i>	30/06/2024	less than 1 year	1 to 5 years	more than 5 years
Fixed hedge				
Fixed rate receiver swap	1 114 289	0	354 289	760 000
Fixed rate payer swap	2 197 748	0	913 798	1 283 950
Total swaps	1 083 460	0	559 510	523 950
Optional hedge				
Cap purchase	92 063	573	42 190	49 300
Floor purchase	28 000	0	28 000	0
Floor sale	52 300	0	3 000	49 300
	3 484 399	573	1 341 277	2 142 550

Forward hedging instruments are not included in this table.

Hedging balance at 30 June 2024:

<i>(In € thousand)</i>	Outstandings at 30 June 2024	
	Fixed rate	Floating rate
Gross borrowings and financial debt	1 533 224	1 346 470
Creditor banks		34 589
Net financial liabilities before hedging	1 533 224	1 381 059
Fixed hedge: swaps	0	-1 083 460
Option hedge: caps	0	-92 063
Total hedges	0	-1 175 522
Net financial liabilities after hedging	1 533 224	205 537

2.2.5.12.6. Rental liabilities

At 30 June 2024, the balance of rental liabilities amounted to €294.1 million in accordance with IFRS 16. Interest expenses on these rental liabilities was -€7.8 million in respect of the half year.

<i>(In € thousand)</i>	31/12/2023	Increase	Decrease	Other changes	Change in exchange rate	30/06/2024
Long-term rental liabilities	282 992	1	0	916	4 257	288 166
Short-term rental liabilities	5 768	1 630	-2 136	628	26	5 915
Total bank debt	288 759	1 631	-2 136	1 544	4 283	294 081

The increase in rental liabilities is linked to lease indexations (€1.5 million) and the increase in the pound sterling over the period (€4.3 million).

It should be noted that Bardiomar's rental liabilities are still reclassified as liabilities held for sale at 30 June 2024 (€5.7 million).

Maturities of rental liabilities:

<i>(In € thousand)</i>	Total at 30 June 2024	less than 1 year	1 to 5 years	5 to 25 years	more than 25 years	Total Lt
Hotels	248 119	5 204	15 564	49 373	177 979	242 915
Operating Properties	45 962	712	1 182	4 578	39 491	45 251
Total rental liabilities	294 081	5 915	16 745	53 951	217 470	288 166

2.2.5.12.7. Bank covenants

The liabilities of the Covivio Hotels group have bank covenants attached, relating to the consolidated accounts of the borrower. If these covenants are breached, early debt repayment may be triggered. These covenants are drawn up in Group Share.

The most stringent LTV covenant was 60% as at 30 June 2024.

The most stringent ICR covenant was 200% as at 30 June 2024.

The bank covenants of the Covivio Hotels group are fully complied with as of 30 June 2024 and stand at 39.1% for the LTV Group Share and 594% for the ICR Group Share.

No financing has an accelerated payment clause contingent on Covivio Hotels' rating, which is currently BBB+, stable outlook (Standard & Poor's rating confirmed on 19 April 2024).

Consolidated LTV	Scope	Covenant threshold	Ratio
€130 million (2019) – REF I	Covivio Hotels	≤ 60%	In compliance
€279 million (2017) – Roca	Covivio Hotels	< 60%	In compliance
£400 million (2018) – Rocky	Covivio Hotels	≤ 60%	In compliance

Consolidated ICR	Scope	Covenant threshold	Ratio
€130 million (2019) – REF I	Covivio Hotels	> 200%	In compliance
€279 million (2017) – Roca	Covivio Hotels	> 200%	In compliance
£400 million (2018) – Rocky	Covivio Hotels	≥ 200%	In compliance

Under the financing raised by Covivio Hotels and allocated to specific portfolios, these consolidated covenants usually go hand-in-hand with LTV “Scope” covenants relating to the portfolios funded. These LTV “Scope” covenants typically have less stringent thresholds than the consolidated covenants. Their purpose is mainly to supervise the use of financing by correlating it with the value of the underlying assets provided as collateral.

2.2.5.13. Provisions for risks and charges

2.2.5.13.1. Accounting principles related to provisions for risks and charges

✓ Retirement commitments

The retirement commitments are accounted for 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 closing date. They are calculated according to the projected credit units method based on valuations made at each closing 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.

2.2.5.13.2. Table of provisions

(In € thousand)	31/12/2023	Charges	Reversal of provision		30/06/2024
			Used	Unused	
Other provisions for litigation	616	9	0	0	625
Other provisions	3 801	0	0	0	3 801
Provisions subtotal – current liabilities	4 417	9	0	0	4 426
Provisions for retirement benefit	809	8	0	0	817
Provisions for long-service awards	48	6	0	0	54
Provisions subtotal – non-current liabilities	857	14	0	0	871
Total provisions	5 274	23	0	0	5 297

The other provisions mainly concern a dispute in connection with a claim for eviction compensation from a former tenant (€3 million), disputed by Covivio Hotels.

2.2.5.14. Other liabilities

<i>(In € thousand)</i>	30/06/2024	31/12/2023	Variation
Other long-term liabilities	9 317	9 334	-17
Payables	61 832	48 387	13 445
Trade payables on fixed assets	6 133	7 088	-955
Advances and advanced payments received, accrued credit	21 136	12 465	8 671
Current taxes	10 266	9 513	754
Other short-term liabilities	52 017	30 005	22 012
Current accounts – liabilities	114	126	-12
Total	160 815	116 917	43 898

Other long-term liabilities consist solely of security deposits received, €8.8 million of which were on assets in the hotel portfolio in Spain and €0.4 million from the Operating Properties business.

Trade payables concern the Hotel Lease properties business for €16.9 million and the Operating Properties business for €45.0 million, in line with the June estimate. In comparison, trade payables for the Operating Properties business amounted to €46 million at 30 June 2023 and €19 million for Hotel leases.

Trade payables for fixed assets mainly concern the hotel lease business for €5.6 million and are stable.

The advances and down payments received include in particular the advances received on Operating Properties for €13.2 million and 2024 variable rents billed in advance (€2.8 million).

Other short-term debts (€52 million) mainly include social security debts from the Operating Properties business for €16 million, the full-year land debt for €17 million as well as the deposit of €3.1 million received on the preliminary sale agreement for a hotel in Spain and the down payment received for the sale of shares for a Spanish company (€1.5 million).

2.2.5.15. Recognition of financial assets and liabilities

<i>(In € thousand)</i>	Item concerned in the statement of financial position	30/06/2024 Net (in €k)	Amount given in the assessed Statement of Financial Position:			Fair Value (in €k)
			Amortised cost	Fair Value through shareholders' equity	Fair Value through profit or loss	
Long-term securities (non-current)	Non-current financial assets	2 739	2 739			2 739
Loans and receivables	Non-current financial assets	55 587	55 587			55 587
Loans and receivables	Trade receivables	95 374	95 374			95 374
Assets at fair value	Derivatives at fair value	200 807		0	200 807	200 807
Assets at fair value	Cash equivalents	374 347			374 347	374 347
Total financial assets		728 854	153 700	0	575 154	728 854
Liabilities at amortised cost	Financial payables	2 879 695	2 879 695			2 774 827
Liabilities at fair value	Derivatives at fair value	83 228		0	83 228	83 228
Liabilities at amortised cost	Security deposits	9 317	9 317			9 317
Liabilities at amortised cost	Payables	67 965	67 965			67 965
Total financial liabilities		3 040 205	2 956 977	0	83 228	2 935 337

⁽¹⁾ The difference between the net book value and the fair value of fixed-rate debt (valued at the risk-free rate, excluding loan spreads) was -€104.9 million. (-€97.2 million for borrowings detailed in 2.2.5.12.4 and -€7.7 million for the Group's other fixed-rate debt).

The impact of the loan spreads would be -€6.8 million.

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 based on an estimate that is not based on market transaction prices on similar instruments.

<i>(In € thousand)</i>	Level 1	Level 2	Level 3	Total
Derivatives at fair value through profit or loss and OCI		200 807		200 807
Cash equivalents		374 347		374 347
Total financial assets	0	575 154	0	575 154
Derivatives at fair value through profit or loss and OCI		83 228		83 228
Total financial liabilities	0	83 228	0	83 228

2.2.5.16. Accruals

<i>(In € thousand)</i>	30/06/2024	31/12/2023	Variation
Prepaid income and other accounts	9 206	17 738	-8 532
Total accruals	9 206	17 738	-8 532

The prepaid income is divided between the hotel lease business (€5.5 million) and the Operating Properties business (€3.7 million).

The change is explained by the use of work compensation received on two UK assets (-€2.6 million) and rent invoiced in advance for the hotel lease activity (-€5.8 million).

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. Service charges are now shown on a specific line of the statement of net income (management and administration revenues) below net rental income.

As a general rule, invoicing is quarterly. The rental income of investment properties is recognised on a straight-line basis over the term of the ongoing leases. Any benefits granted to tenants (rent-free periods, step rental leases, rent waivers in exchange for additional rent to be received in future years) are spread on a straight-line basis over the lease term in accordance with IFRS 16.

Most of the rental income for the period is comprised of rental income billed during the period. For hotel real estate managed by the Accor Group, such receipts are calculated as a percentage of revenues for the fiscal year. Other hotel portfolios are subject to an additional billing *via* a variable rent added to the minimum guaranteed rent and calculated as a percentage of the hotel revenue.

✓ Revenues from hotels under management (Operating Properties)

Revenues from hotel and real estate assets under management correspond to the amount of sales of products and services related to ordinary activities. It breaks down into the provision of various hospitality services (accommodation, catering and other services).

All revenues from hotels under management are measured at the fair value of the counterparty received or to be received, net of discounts, rebates and reductions, VAT and other taxes.

2.2.6.2. Operating income

2.2.6.2.1. Rental income

Rents (In € thousand)	30/06/2024	30/06/2023	Variation (in €k)	Variation (in %)
Hotels - Lease properties	131 858	125 809	6 049	4,8%
Other activities (non-material)	1 673	1 917	-244	-12,7%
Total Rental Income	133 531	127 726	5 805	4,5%

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 change in revenue from the Hotels business (+€5.8 million) is mainly due to:

- The increase in variable rent portfolios (+€3.3 million);
- Rents and other indexation effects (+€3 million);
- Impact of the disposal of hotels (-€0.2 million)

2.2.6.2.2. Real estate expenses

<i>(In € thousand)</i>	30/06/2024	30/06/2023	Variation <i>(in %)</i>
Rental income	133 531	127 726	4,5%
Rental charges not recovered	-191	80	n/a
Taxes and duties	-14 000	-14 076	-0,5%
Income from rebilling of taxes and duties	12 219	12 511	-2,3%
Expenses on Buildings	-1 666	-1 894	-12,0%
Net bad debt expenses	757	-716	n/a
Net Rental Income	130 650	123 630	5,7%
Rate for real estate expenses	-2,2%	-3,2%	

Expenses on properties essentially consist of Property Management fees to Covivio group subsidiaries in the amount of €1.5 million.

The change in net bad debt expenses mainly concerns the reversal of deferred payments in Spain (+€1 million) less a new impairment on retail assets in France (-€0.3 million).

2.2.6.2.3. EBITDA of hotels under management

<i>(In € thousand)</i>	30/06/2024	30/06/2023	Variation <i>(in %)</i>
Revenues from hotels under management	138 038	136 196	1,4%
Operating expenses of hotels under management	-108 406	-104 607	3,6%
EBITDA OF HOTELS UNDER MANAGEMENT	29 632	31 589	-6,2%
OTHER ACTIVITY INCOME	-0	47	-100,0%

Detailed results for this activity are presented in § 2.2.8.6.

The EBITDA of hotels under management decreased by -€2.0 million mainly due to the end of the guaranteed minimum on a hotel in Roissy (-€1 million) and the closure for renovation work on a hotel in Brugge.

It does not include the corporate structure costs of this activity. The latter are presented in overheads.

2.2.6.2.4. Net operating costs

These consist of head office expenses and operating costs (including Operating Properties business), net of revenues from management and administration activities.

<i>(In € thousand)</i>	30/06/2024	30/06/2023	Variation <i>(in %)</i>
Management and administration income	2 267	2 630	-13,8%
Activity Fees	-501	-670	-25,2%
Structure costs	-10 489	-10 949	-4,2%
Total net operating costs	-8 724	-8 990	-3,0%

Management and administration income mainly comprises asset management fees charged to equity affiliates or partners. They are up mainly due to the increase in variable rents over the period.

Business expenses are mainly made up of building appraisal costs and asset management fees.

Overhead costs include:

- network costs for €3.6 million, including €2.8 million with Covivio;
- personnel expenses for €1.6 million.

Note that personnel expenses before allocation to Income from disposals totalled €2.0 million.

2.2.6.2.5. Depreciation of operating assets and net allowances to provisions and other

<i>(In € thousand)</i>	30/06/2024	30/06/2023	Variation
Depreciation of operating assets	-20 646	-23 606	2 961
Net change in provisions and other	7 951	15 255	-7 304

The decrease in depreciation of assets in operation is mainly due to:

- the amortisation of hotels in operation for €24.2 million over the half-year;
- net reversals of exceptional impairments in Germany on three hotels in operation for €3.6 million.

The “Net change in provisions and other” item is mainly composed of re-invoicing to tenants of construction leases (€6.6 million). As the rental expense is cancelled by the application of IFRS 16, the income from re-invoicing to tenants/operators is not presented as expenses on buildings because this would lead to a net income on this item and distort the real estate expenses ratio.

The change in the item is mainly due to the reversal of the provision for taxes on the Operating Properties portfolio in Germany in 2023 (€7.7 million).

2.2.6.3. Net income from disposals

During the fiscal year, the Covivio Hotels group generated sales for a total amount of €19.8 million, net of expenses, including the disposals of two hotels. The appraisal values of these two assets stood at €16.2 million at 31 December 2023.

2.2.6.4. Change in the fair value of properties

<i>(In € thousand)</i>	30/06/2024	30/06/2023
Hotels - Lease properties	27 418	-41 051
Other activities (non-material)	-5 199	-3 104
Operating Properties	-1 312	112
Total change in fair value of properties	20 907	-44 043

The change in the fair value of properties is discussed in Section 2.2.5.1.2.

The change in value of -€1.3 million on Operating Properties corresponds to the valuation of land in Germany.

2.2.6.5. Cost of net financial debt

<i>(In € thousand)</i>	30/06/2024	30/06/2023	Variation (in €k)	Variation (in %)
Interest income on cash transactions	4 392	1 150	3 242	281,9%
Interest expense on financing operations	-48 853	-37 279	-11 574	31,0%
Depreciation of ancillary costs and loan premiums	-1 993	-1 936	-57	3,0%
Net expenses on hedges	16 521	7 437	9 084	122,1%
Cost of net financial debt	-29 934	-30 628	694	-2,3%

The cost of net financial debt decreased by €0.7 million mainly due to the decrease in average debt and its cost.

2.2.6.6. Net financial income

(In € thousand)	30/06/2024	30/06/2023	Variation (in €k)	Variation (in %)
Cost of net financial debt	-29 934	-30 628	694	-2,3%
Interest expense on rental liabilities	-7 840	-7 517	-323	4,3%
Changes in the fair value of financial instruments	20 686	7 839	12 847	n.p.
Discounting and exchange result	408	367	40	n.p.
Exceptional depreciation of loan issue costs	-715	-57	-658	1161,6%
Total net financial income/(charges)	-17 394	-29 995	12 600	n.p.

The interest charge on rental liabilities relates to the application of IFRS 16. It mainly comprises long-term leases conferring ad rem rights in the United Kingdom. Against that, rental charges are no longer recognised in the income statement.

The exceptional amortisation of loan issuance costs for the period is mainly related to the partial redemption of the loan in pound sterling.

The increase in interest rates generated a change in the valuation of financial instruments of €20.7 million at 30 June 2024. If we include the change in value of the Cross Currency Swap recognised in shareholders' equity (-€8.2 million), the change in financial instruments would be €12.5 million.

The "Other calculated income and expenses" line in the Statement of Cash Flows for -€0.8 million primarily consists of the amortisation of borrowing costs (+€2.0 million in regular and +€0.7 million in non-recurring costs), and the reversal of the spreading of rent-free periods (-€2.2 million).

2.2.6.7. Current and deferred taxes
2.2.6.7.1. Accounting principles for current and deferred taxes
✓ SIIC tax regime (French companies)

Opting for the SIIC tax regime in France 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 corporate income tax (CIT). 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.

- 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.

- 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 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.

There is no exit tax liability in Covivio Hotels' financial statements at 30 June 2024.

✓ 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 the end of the fiscal year. Deferred taxes are applicable to Covivio Hotels group entities that are not eligible for the SIIC tax regime.

A net 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 applied.

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.

✓ SOCIMI regime (Spanish companies)

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

The rental income from the leasing of assets and proceeds from disposals of assets held under the SOCIMI regime are exempt, provided 80% of rental profits and 50% of asset disposal profits are distributed. These gains are determined by allocating the gains taxable in the period outside the SOCIMI regime on a straight-line basis over the whole period of ownership.

✓ REIT regime (UK companies)

Nine companies in the UK have opted for the REIT exemption regime from 1 January 2024. Opting for the REIT regime does not trigger an exit tax upon taking the option.

The rental income from the leasing of assets held under the REIT regime are exempt, provided 90% of rental profits are distributed.

2.2.6.7.2. Taxes and rates applied by geographic area

<i>(In € thousand)</i>	Taxes payable	Deferred tax liabilities	Total	Deferred tax rate
France	0	-2 283	-2 283	25,83%
Belgium	-1 242	-741	-1 983	25,00%
Luxembourg	-443	-114	-557	24,94%
Netherlands	-777	7	-770	25,80%
Portugal	-380	-972	-1 352	22,50%
Germany	-1 470	818	-652	15,83% ⁽¹⁾
Spain	0	54	54	25,00%
United Kingdom	-415	-1 716	-2 132	25,00%
Ireland	-98	89	-9	33,00% ⁽²⁾
Poland	-86	-2	-88	9,00%
Italy	-247	-1 206	-1 453	27,90% ⁽³⁾
Hungary	-91	0	-91	9,00%
Czech Republic	-323	2	-321	21,00%
Total	-5 573	-6 064	-11 636	

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

- (1) 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%.
- (2) In Ireland, the tax rate is 12.5% for property companies, 25% on holdings and 33% on capital gains.
- (3) In Italy, the tax rate is 24%, to which is added a regional corporate tax rate (resident and non-resident) whose standard rate is 3.9%.

2.2.6.7.3. Deferred tax income and expense

<i>(In € thousand)</i>	30/06/2024	30/06/2023	Variation
France	-2 283	546	-2 829
Belgium	-741	0	-742
Luxembourg	-114	-246	132
Netherlands	7	363	-356
Portugal	-972	-650	-322
Germany	818	2 544	-1 725
Spain	54	-39	93
United Kingdom	-1 716	-799	-918
Ireland	89	89	0
Poland	-2	55	-56
Italy	-1 206	-517	-689
Czech Republic	2	99	-97
Hungary	0	584	-584
Total	-6 064	2 029	-8 093

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

Deferred tax expenses at 30 June 2024, amounting to -€6.1 million, are broken down between the Hotel business (-€8.1 million) and the Operating Properties business (+€2.0 million). The change of -€8.1 million is mainly due to the increase in the values of Operating Properties and the reversal of deferred tax assets following the improvement of results in Italy and the UK.

2.2.7. OTHER INFORMATION

2.2.7.1. Personnel expenses

In the statement of net income, personnel expenses for the period are included in the *Structure costs* items for €1.7 million. These are down by €0.8 million.

Personnel expenses are also present in the *EBITDA* of hotels under management for €35.3 million for the Operating Properties business. They were down by €1.1 million compared to 30 June 2023, in line with the stability of the workforce and the increase in revenue from Accommodation and Restaurants.

Personnel expenses are also included in the item *expenses on sales* for €0.3 million.

At 30 June 2024, the headcount of fully consolidated companies (excluding companies in the Operating Properties business line) was 23 people. This headcount is split between France (18 people), Spain (two people) and Luxembourg (three people).

The average headcount at 30 June 2024 for the Operating Properties business was 1,322 people, which was stable compared to June 2023 (1,325 people).

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 Hotels 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 potential dilutive ordinary shares.

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 Hotels 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 period under potentially dilutive ordinary shares;
- any change in the income and expenses resulting from the conversion of the dilutive potential ordinary shares.

	30/06/2024	30/06/2023
Net income Group Share (in €k)	133 333	62 106
Average number of undiluted shares	148 133 765	148 135 962
Average number of treasury shares	7 687	5 490
Average number of diluted shares	148 133 765	148 135 962
Earnings per share – undiluted	0,90	0,42
Earnings per share – diluted	0,90	0,42

2.2.7.3. Related-party transactions

The information below corresponds to the main related parties, namely i) Covivio and its subsidiaries and ii) equity affiliates.

Details of related-party transactions (in € thousand):

Partner	Type of partner	Operating income	Net financial income	Balance sheet	Comments
Covivio Hotels Gestion	Manager	-1 994			Remuneration of Management
Covivio Property	Group service provider	-1 069			Board Property fees
Covivio	Group service provider	-3 011			Network costs
Covivio SGP	Manager OPCI B2 INV/EST HOTEL	-99			Consultancy services and management agreement
Covivio Immobilien GmbH	Group service provider	-650			Property fees and Network costs
Covivio Italy	Group service provider	-126			Property fees and Network costs
IRIS (OPCI + Holding), OPCI Campinvest, SCI Dahlia and Phoenix	Equity affiliates	2 064	1 543	50 750	Asset and property fees, Loans

2.2.7.4. Executive remuneration

2.2.7.4.1. Remuneration of executives and directors

During this half-year, no compensation was recognised for the members of the Supervisory Board and the Audit Committee.

2.2.7.4.2. Remuneration of the Manager and the limited partners

The Managing Partner, Covivio Hotels Gestion, received €1.0 million excluding taxes for its work in respect of 2024. The terms of this remuneration are governed by Article 11 of the Articles of Association of Covivio Hotels.

During the first half of 2024, €1.0 million in preferred dividends was paid to the limited partner, Covivio Hotels Gestion in respect of the 2024 fiscal year. This preferred dividend was recognised under operating expenses in accordance with IFRS, which specify that preferred dividends must be treated as management commissions.

2.2.8. SEGMENT REPORTING

2.2.8.1. Accounting principles relating to operating segments – IFRS 8

Covivio Hotels holds a wide range of real estate assets to collect rental income and benefit from appreciation in the assets held. Segment reporting has been structured by customer type and asset type.

As a result, the operating segments are as follows:

- Hotels: assets primarily leased to Accor, IHG, B&B, Motel One, NH Hotels, Pierre & Vacances and Club Med;
- Operating Properties: hotels operated by Covivio Hotels, either directly or through a management agreement with a hotel operator.

Non-material businesses (retail and corporate) have been consolidated in the hotel segment. These segments are reported on separately and analysed regularly by Covivio Hotels group management in order to make decisions on the resources to allocate to the segment and to assess their performance.

The financial data presented for the segment reporting follows the same accounting rules as for the consolidated accounts.

2.2.8.2. Tangible and intangible fixed assets

30/06/2024 - In € thousand	Hotels		Operating Properties		Total
	France	Rest of world	France	Rest of world	
Goodwill	0	0	40 452	76 075	116 527
Intangible fixed assets	0	17	158	87	262
Operating properties	0	0	196 896	875 211	1 072 107
Other fixed assets	10	29	7 557	7 068	14 664
Assets in progress	0	0	12 289	11 336	23 625
TOTAL	10	46	257 352	969 776	1 227 184

31/12/2023 - In € thousand	Hotels		Operating Properties		Total
	France	Rest of world	France	Rest of world	
Goodwill	0	0	40 955	76 395	117 350
Intangible fixed assets	0	18	100	109	227
Operating properties	0	0	201 183	882 446	1 083 629
Other fixed assets	10	40	7 879	7 870	15 799
Assets in progress	1	0	7 606	2 659	10 266
TOTAL	11	59	257 723	969 479	1 227 272

2.2.8.3. Investment properties / properties held for sale

30/06/2024 - In € thousand	Hotels		Operating Properties		Total
	France	Rest of world	France	Rest of world	
Investment properties	1 501 429	2 983 138	0	0	4 484 567
Assets held for sale	230 064	124 220	0	0	354 284
Other assets held for sale	0	7 747	0	0	7 747
TOTAL	1 731 493	3 115 105	0	0	4 846 598

31/12/2023 - In € thousand	Hotels		Operating Properties		Total
	France	Rest of world	France	Rest of world	
Investment properties	1 649 310	2 988 884	17 051	0	4 655 245
Assets held for sale	58 515	96 935	0	0	155 450
Other assets held for sale	0	6 465	0	0	6 465
TOTAL	1 707 825	3 092 284	17 051	0	4 817 160

* The €17 million relating to the valuation of the Plaza Nice fund was reclassified in the hotel sector as of 1 January 2024.

2.2.8.4. Financial liabilities

30/06/2024 - In € thousand	Hotels	Operating Properties	TOTAL
Long-term interest-bearing loans	1 742 589	715 270	2 457 859
Short-term interest-bearing loans	460 853	10 154	471 007
Long and short-term rental liabilities	248 415	45 666	294 081
Total LT and ST loans	2 451 858	771 090	3 222 948

31/12/2023 - In € thousand	Hotels	Operating Properties	TOTAL
Long-term interest-bearing loans	1 498 569	700 386	2 198 955
Short-term interest-bearing loans	252 719	3 117	255 836
Long and short-term rental liabilities	243 404	45 355	288 759
Total LT and ST loans	1 994 692	748 858	2 743 550

In May 2024, a bond issue was subscribed for €500 million for a maturity of 9 years. New drawdowns on NEU CP contracts were made for €96 million, maturing in 2025. A partial redemption of £130 million was also made on 19 May 2024.

2.2.8.5. Income statement by operating segment

In accordance with IFRS 12, inter-segment transactions are presented separately in the segment income statement.

Data in € thousand	Hotels	Operating Properties	Intercos Inter-sector	30/06/2024
Rental income	133 531	0	0	133 531
Rental charges not recovered	-1 972	-0	0	-1 972
Expenses on Buildings	-1 666	0	0	-1 666
Net bad debt expenses	757	0	0	757
NET RENTS	130 650	-0	0	130 650
Revenue from hotels under management	0	138 038	0	138 038
Operating expenses of hotels under management	0	-108 406	0	-108 406
Revenue from other activities	0	0	0	0
Expenses from other activities	0	0	0	-0
EBITDA OF HOTELS UNDER MANAGEMENT	0	29 632	0	29 632
OTHER ACTIVITY INCOME	0	0	0	-0
Management and administration income	3 113	0	-846	2 267
Activity Fees	-458	-849	806	-501
Structure costs	-9 456	-1 076	42	-10 489
NET OPERATING COSTS	-6 801	-1 925	2	-8 724
Depreciation of operating assets	-36	-20 610	0	-20 646
Net change in provisions and other	6 862	1 092	-2	7 951
OPERATING RESULT	130 675	8 189	0	138 864
Income from asset disposals	3 533	-16	0	3 517
Upward adjustment of the value of investment properties	47 449	0	0	47 449
Downward adjustment of the value of investment properties	-26 542	0	0	-26 542
Result of value adjustments	20 907	0	0	20 907
Income from the sale of securities	0	-25	0	-25
Result of changes in scope	-2	-823	0	-825
OPERATING INCOME	155 113	7 325	0	162 438
Cost of net financial debt	-22 471	-7 464	-0	-29 934
Interest expense on rental liabilities	-6 594	-1 246	0	-7 840
Value adjustment of derivative instruments	20 686	0	0	20 686
Discounting of liabilities and receivables	417	-9	0	408
Exceptional depreciation of loan issue costs	-715	0	0	-715
Share in income of equity affiliates	8 643	0	0	8 643
NET INCOME BEFORE TAX	155 081	-1 394	0	153 687
Deferred tax liabilities	-8 067	2 003	0	-6 064
Corporate income tax	-4 037	-1 536	0	-5 573
NET INCOME FOR THE PERIOD	142 977	-926	0	142 050

Data in € thousand	Hotels	Operating Properties	Intercos Inter-sector	30/06/2023
Rental income	128 626	0	-901	127 726
Rental charges not recovered	-1 485	0	0	-1 485
Expenses on Buildings	-1 894	0	0	-1 894
Net bad debt expenses	-716	0	0	-716
NET RENTS	124 531	0	-901	123 630
Revenue from hotels under management	0	136 196	0	136 196
Operating expenses of hotels under management	0	-104 607	0	-104 607
EBITDA OF HOTELS UNDER MANAGEMENT	0	31 589	0	31 589
OTHER ACTIVITY INCOME	50	-3	0	47
Management and administration income	7 931	597	-5 898	2 630
Activity Fees	-5 040	-1 364	5 734	-670
Structure costs	-9 503	-2 481	1 035	-10 949
NET OPERATING COSTS	-6 612	-3 248	871	-8 990
Depreciation of operating assets	-103	-23 503	0	-23 606
Net change in provisions and other	6 719	8 506	30	15 255
OPERATING RESULT	124 584	13 341	0	137 925
Income from asset disposals	-269	0	0	-269
Result of value adjustments	-44 043	0	0	-44 043
Income from the sale of securities	0	0	0	0
Result of changes in scope	-1	-1 883	0	-1 884
OPERATING INCOME	80 271	11 450	0	91 721
Cost of net financial debt	-23 175	-7 454	0	-30 628
Interest expense on rental liabilities	-6 298	-1 219	0	-7 517
Value adjustment of derivative instruments	7 839	0	0	7 839
Discounting of liabilities and receivables	363	4	0	367
Exceptional depreciation of loan issue costs	-57	0	0	-57
Share in income of equity affiliates	4 555	0	0	4 555
NET INCOME BEFORE TAX	63 499	2 782	0	66 281
Deferred tax liabilities	329	1 701	0	2 029
Corporate income tax	-4 479	-1 654	0	-6 133
NET INCOME FOR THE PERIOD	59 349	2 829	0	62 178

2.2.9. POST-CLOSING EVENTS

None.

3. STATUTORY AUDITORS' REPORT ON THE INTERIM FINANCIAL INFORMATION

MAZARS**Tour Exaltis**

61, rue Henri Regnault

92075 Paris-La Défense cedex

SA with a Management Board and Supervisory Board

with capital of €8,320,000

784 824 153 RCS Nanterre

Statutory Auditors

Member of the Compagnie

Régionale de Versailles et du Centre

ERNST & YOUNG et Autres

Tour First

TSA 14444

92037 Paris-La Défense cedex

SAS with variable capital

438 476 913 RCS Nanterre

Statutory Auditors

Member of the Compagnie

Régionale de Versailles et du Centre

Covivio Hotels

Period from 1 January 2024 to 30 June 2024

Statutory Auditors' report on the interim financial information 2024

To the shareholders,

In compliance with the assignment entrusted to us by your shareholders' meetings, and in accordance with Article L. 451-1-2 III of the French Monetary and Financial Code, we have carried out:

- the limited review of the accompanying condensed half-yearly consolidated financial statements of Covivio Hotels for the period from 1 January 2024 to 30 June 2024;
- the verification of the information given in the half-year management report.

These condensed half-yearly consolidated financial statements were prepared under the responsibility of your management. Our role is to express a conclusion on these financial statements based on our limited review.

I - Conclusion on the financial statements

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

A limited review consists mainly of interviewing the members of management in charge of accounting and financial aspects and implementing analytical procedures. This work is less extensive than that required for an audit conducted in accordance with professional standards applicable in France. Consequently, the assurance that the financial statements, taken as a whole, are free from material misstatements obtained through a limited review is a moderate assurance, less than that obtained through an audit.

Based on our limited review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements are not in compliance with IAS 34 - IFRS as adopted by the European Union on interim financial information.

II - Specific verification

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

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

Paris-La Défense, 24 July 2024

The Statutory Auditors

KPMG SA

ERNST & YOUNG et Autres

Sandie Tzinmann

Jean-Roch Varon

Pierre Lejeune

4. STATEMENT BY THE PERSON RESPONSIBLE

STATEMENT OF THE PERSON RESPONSIBLE FOR THE DOCUMENT

I hereby certify, to the best of my knowledge, that the condensed financial statements for the past half-year have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and results of the company and of all consolidated companies, and that the accompanying half-year management report presents a true and fair view of the significant events that have occurred during the first six months of the financial year, their impact on the financial statements, the main transactions between related parties and a description of the main risks and uncertainties for the remaining six months of the financial year.

Paris, 24 July 2024

Mr Tugdual Millet
Chairman of COVIVIO HOTELS GESTION
Managing partner
Person responsible for the financial information