


Paris, 21 July 2020, 6 pm

2020 half-year results:

Good performance in offices and residential, hotel real estate affected by the crisis

"During the 1st semester, our offices and residential activities (84% of our portfolio) performed well. On the other hand, hotels have been directly impacted by an unprecedented crisis. During this period, we reinforced our exposure in Germany, with €1.2 billion acquisitions, and made significant progress in our sales plan, with new agreements signed for €400 million. More than ever, our capacity to adapt and the diversification of our portfolio are key strengths in order to deal with the crisis and prepare tomorrow's growth."
Christophe Kullmann, Covivio Chief Executive Officer

Real estate markets: conjunctural impacts and structural changes

- Resilient residential and office segments, with a dynamic investment market
- A heavily-impacted hotel industry
- The crisis acting as a catalyst for trends that we had noted prior to the global pandemic: flexibility, digitisation and well-being

First-half activity

- Expansion in German Offices with the successful takeover offer on Godewind Immobilien (10 assets for €1.2 billion located in the most dynamic German cities)
- Successful sale plan: disposals worth €400 million, with a 15% margin on the latest appraisal values
- Development pipeline: projects delayed by an average of 3 months, but no impact on value creation or average targeted yield on cost
- Very high rent collection level, demonstrating the quality of our rental base

First-half results

- Portfolio: €25 billion (€17 billion GS), in offices (60%), residential (24%) and hotels (15%)
  €1.2 billion growth (+8%) and +1% in like-for-like scope, despite the 3.1% drop in hotels
- Rental income: €302 million; up 1.9% on a like for like basis in offices and residential, and down 51% in hotels
- EPRA Earnings: €192 million and €2.17/share; EPRA NAV: €9,444 million and €99.8/share

Outlook

- 2020 EPRA Earnings guidance of around €380 million (€4.15 per share)
- Over the medium term, the fundamentals of Covivio and our three strategic pillars (major European cities, real estate development and services to our clients), particularly adapted to the ongoing rapid changes, should enable us to deal with the crisis and achieve lasting growth in results.

Real estate markets: conjunctural impacts and structural changes

In the offices market[1], rental activity slowed in the second quarter, as a result of lockdown measures. In the Paris region (Île-de-France), take-up amounted to 667,600 m², a 40% drop from last year. In the major German cities[2], take-up amounted to 1.3 million m², down 33% from last year. The slowdown was similar in Milan (down 30%), which had a take-up of 160,000 m², although this figure is still higher than the ten-year average. These markets enjoy low vacancy rates: 5.1% in the Paris region, 3.1% in major German cities and 4.2% in Milan[3].
The investment market remained particularly buoyant, demonstrating abundant liquidity and real estate's investor appeal (particularly offices). In the first half, €5.9 billion were invested in offices in the Paris region, (down 8.6% on last year), and €8.8 billion in major German cities (down 1%). €1.3 billion were invested in Milan, a 7% rise on last year.

Residential in Germany proved highly resilient, and was not impacted by the crisis. Lockdown measures reduced the market's fluidity, aggravating the housing shortage. Median rents rose 2.6% on last year, to €11.3/m²/month. In Berlin, the introduction of the new law only exacerbated the housing shortage. As a result, prices continued to rise, by 8.2% vs 2019, to an average of €4,850/m² in the capital. On 6 May, a majority of the elected representatives in the ruling coalition (CDU/CSU and FDP), representing 40% of the Bundestag, voted for a judicial review of this new law before the Karlsruhe Federal Court.

The hotel industry has been heavily impacted by the crisis. Hotels were forced to remain closed for several months, and recovery is very slow. In Europe, this closure resulted in a 57% drop in RevPar[4] since the start of the year (down 95% between April and June).

At the peak of the crisis, only 22%[5] of Covivio's hotels were open. At 30 June 2020, 65% of hotels were open, but occupancy rates remained low (10% to 20%), pending an expected improvement from July onwards with the reopening of the Schengen travel area.

Covivio: a diversified business model, in a strong position to weather the crisis

With an asset portfolio of €25 billion (€17 billion GS) in Europe, which has increased by €1.2 billion (8%), Covivio has built its growth by branching out into activities in which the group plays a leading role. Covivio's business model, as a local operator managing the entire real estate value chain, has put it in a strong position to deal with major shocks, such as the current crisis:

- **60% of the portfolio is comprised of** offices let to key accounts (Orange, Telecom Italia, Dassault Systèmes, Thalès, etc.) in France, Italy, and Germany;
- **The residential portfolio in Germany represents 24% of the entire portfolio**; The assets are in central locations in Berlin, in North Rhine-Westphalia, in Dresden, Leipzig and Hamburg;
- **Hotels (15% of the portfolio)**, located in major European cities, are rented or managed directly by major operators such as AccorInvest, IHG, B&B and NH Hotels.

This portfolio is managed around **three strategic pillars**:

1. **a location in the heart of major European cities**, particularly Paris, Berlin and Milan. As such, 96% of the assets are located less than 5 minutes' walk from a public transport network;
2. **development**, to offer new real estate that combines energy performance, well-being, and adaptation to changes in use. Covivio is currently developing €1.8 billion of office and housing projects in Europe, 51% of which have been pre-let;
3. **a customer-focused culture** placing the user at the centre of the strategy. Covivio provides long-term support to the real estate strategies of its tenants by forging strong partnerships (the average firm lease

[1] Sources: Cushman & Wakefiled; Savills; Colliers
[2] Berlin, Munich, Frankfurt, Hamburg, Düsseldorf, Stuttgart and Cologne
[3] Milan: vacancy excluding outer suburbs
[4] Revenue per room; source: MKG to end-May 2020
[5] In number of rooms

maturity is 7 years). This is reflected in an ambitious service-orientated and flexible approach, as exemplified by the Wellio flexible offices offering.

A CSR strategy focused on environmental performance and well-being, in response to the health crisis challenges

Covivio is a real estate pioneer in terms of its CSR commitments, with a 4-pillar strategy: sustainable construction, societal issues, corporate issues and governance. Aware of its impacts, the group focuses its initiatives on greening its portfolio, reducing its consumption and emissions, and well-being:

- 84% of Covivio's portfolio in Europe has an environmental certification (with a target to reach 100% by 2025)
- Covivio is one of the few companies whose greenhouse gas reduction targets for 2030[6] (a 34% reduction compared to 2010 levels) have been approved by the Science Based Targets (SBT) initiative since 2018
- the group is innovating by testing new certifications that focus on well-being, services and connectivity, such as Well (Flow in Montrouge and Symbiosis in Milan), Biodivercity (230,000 m² of office space certified at the end of 2019 in France and Italy) and Osmoz (on the future headquarters in Paris)
- in 2020, Covivio launched the Air Quality Challenge in partnership with EDF. This is a call for innovative European projects to improve the air quality inside buildings and reduce energy consumption.

Covivio receives accolades for its non-financial performance on a regular basis, making it one of the best-rated REITs in Europe: the group has had a GRESB Green Star since 2012 (scoring 80/100), was awarded the maximum Sustainability Rating (A1+) by Vigeo-Eiris and one of the best ratings by ISS-ESG (B-, Prime status).

First-half activity

Expansion in Offices in Germany with the successful takeover of Godewind Immobilien

At the end of June, Covivio held 89.3% of the share capital of Godewind Immobilien AG, a German office REIT with a portfolio of €1.2 billion (€1.1 billion GS). The company was delisted from the German stock exchange on 14 May. In addition to the shares held, Covivio granted options to sell to a shareholder which holds around 10% of Godewind's share capital.
With a presence in Germany since 2005 and a local team of 570 people, Covivio is historically active in the residential segment and has gradually created a team for managing hotels and offices. In addition to its existing office portfolio in Germany and its development projects located primarily in Berlin, this investment provides access to a core portfolio of 10 office assets (290,000 m²), located in Frankfurt (40% of the portfolio), Düsseldorf (28%), Hamburg (24%), and Munich (8%). The office market in Germany has solid pillars, an average vacancy rate of 3.1% in Germany's seven main cities and an offering under construction that is already 60% pre-let[7].
Over the last 5 years, Covivio has significantly strengthened its position in Germany, the Group's second-largest market, with 36% of the portfolio, compared to 17% in early 2015.

The sale plan is well under way: €400 million in disposals with a 15% margin

Since the start of the year, **Covivio has signed new disposal agreements worth €400 million with an average margin of 14.6% on appraisal values at the end of 2019**. Most of the agreements relate to mature assets, mainly offices, in Milan, Lyon, Nancy and Nanterre. These sales, 90% of which were negotiated and signed with lockdown measures already in place, reflect the quality of Covivio's portfolio and its investor appeal. They also illustrate the effectiveness of Covivio's strategy, which involves developing or redeveloping assets in strategic locations and letting them to major corporations such as Vinci and EDF.

Covivio has accelerated disposals of mature offices. For example, Le Patio in Lyon-Villeurbanne was purchased in 2001 as part of the acquisition of an EDF portfolio. Released in 2011, the 12,760 m² office asset was redeveloped and re-let to several tenants upon delivery in 2013. In Milan, a sale agreement relating to the

[6] Targets in relation to the initiative to keep the global temperature rise under 2 degrees as stated in the Paris Agreement of December 2015.
[7] Source: Colliers

headquarters of Amundi, via Cernaia, was signed. Covivio had purchased this 8,300 m² asset in 2002 from the Intesa Sanpaolo bank. On the bank's departure in 2016, this asset, located between the centre of Milan and Porta Nuova, was restructured and pre-let for 9 years firm to Amundi, prior to its delivery at the end of 2017.
In total, the sale agreements for mature offices generated value creation of 90% compared to their production cost.

A secure development pipeline

Covivio has a committed development pipeline of 41 projects covering 399,000 m² and worth €1.8 billion, in offices (mostly in Paris and Milan), as well as in residential (in Germany and France). **Lockdown measures slowed progress of the works**, resulting in project deliveries being delayed by an average of 3 months. Expected cost increases are under 1%, **confirming profitability targets** (average targeted yield on cost of 6% and over 30% value creation target). At the end of June, 50% of the value creation on the committed projects was still to be captured. This pipeline is secured by an average pre-letting rate of 51%, and of 75% for deliveries due in the next 12 months.
During the half year, Covivio delivered the first asset of the The Sign project, in Milan. This 9,300 m² asset houses Aon's new Italian headquarters (the company was already a Covivio tenant in Paris), under a firm 11-year lease. The two other assets at The Sign, both of which have been pre-let to NTT Data, will be delivered in 2021.

A very high rental collection rate, reflecting a strong rental base

In offices and residential, 96.4% of rents billed were collected, reflecting the quality of Covivio's rental base. Over 91% of office tenants are large corporates, long-standing partners of Covivio.

In hotels, Covivio, a long-term partner of leading hotel operators, has been working to implement solutions to help them through this crisis. The agreements reached with 8 tenants representing 66% of the let hotel portfolio have protected their cash via rent-free periods or payment facilities, while extending the firm duration of their leases by an average of 4 years. Covivio's hotel leases had an average firm maturity of 14.7 years at the end of June 2020.

At 30 June, Covivio made provision for €7 million in losses on unrecoverable receivables, concerning principally €5.5 million in unpaid rent on ground-floor retail units, restaurants and non-strategic shopping centres.

First-half results 2020

Rental income of €302 million

Rental income for the 1st half of the year amounted to €302 million (€439 million at 100%), compared to €339 million at the end of June 2019. **Like-for-like performance in offices and residential continued to perform well**, with 1.9% growth on last year. **In contrast, the pandemic has reduced hotel income by** 51% like-for-like.

H1 2020, €million	Revenues H1 2019 Group share	Revenues H1 2020 100%	Revenues H1 2020 Group share	% change like-for-like Group share	Occupancy rate %	Average lease term firm, in years
France Offices	115.1	121.0	105.7	+1.0%	95.8%	4.5
Italy Offices	72.9	84.2	64.2	+2.0%	97.8%	7.1
Germany Offices	3.3	27.3	18.4	+2.8%	79.0%	5.1
Germany Residential	76.5	122.5	78.6	+2.9%	98.4%	n.a.
SUB-TOTAL OFFICES & RESIDENTIAL	**267.8**	**355.1**	**266.9**	**+1.9%**	**95.5%**	**5.4**
Hotels in Europe	59.1	73.1	28.5	-50.5%	100%[1]	14.7
TOTAL STRATEGIC ACTIVITIES	**326.9**	**428.2**	**295.4**	**-7.6%**	**96.1%**	**7.1**
Non-strategic	11.9	10.4	7.0	-3.5%	97.8%	5.7
TOTAL	**338.8**	**438.6**	**302.3**	**-7.5%**	**96.1%**	**7.1**

In offices (60% of the portfolio), rents rose 1% like-for-like in France (mainly as a result of indexation), 2% in Italy (thanks to indexation and the positive reversion on a lease renewal on the Garibaldi towers in Milan) and 2.8% in Germany. Occupation rates in France and Italy remained high, at 95.8% and 97.8%. The average 1 point decrease reflects a sluggish rental market over the half year, with a knock-on effect on the re-letting of vacated spaces. In Germany, the occupation rate of 79% at the end of June included the Godewind portfolio that had just been purchased. This rate reflects the withdrawal of Wework from its rental commitment on Herzog-Terrassen (asset located in the heart of Düsseldorf), following the signature of a financial agreement.

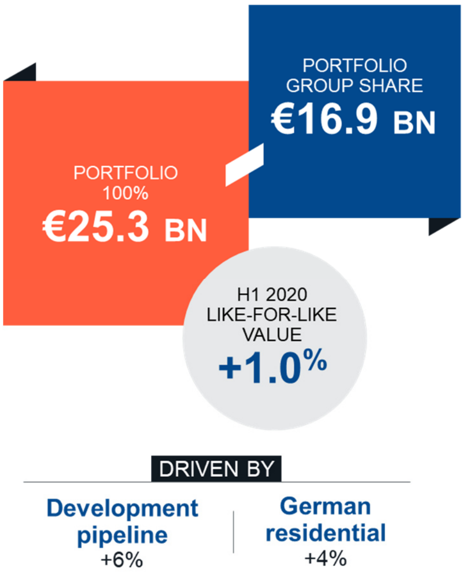
In Germany (24% of the portfolio), housing rents continued their steady rise, by 2.9% like-for-like. In Berlin, income rose 2.3% like-for-like and began to reflect the impact of the new law, against which a judicial review has been initiated before the Karlsruhe Federal Court. At the same time, rental markets continued to hold up well in North Rhine-Westphalia (up 3.8% like-for-like), Dresden & Leipzig (up 3.6%) and Hamburg (up 2.6%). Reversion potential remains intact in these locations, between 15% and 25%.

In hotels (15% of the portfolio), Covivio's revenue was directly affected by the exceptional closure of hotels. Variable income (6.9% of the portfolio; leases indexed to revenues, principally AccorInvest in France and hotels managed under management contracts, most of which are located in Germany) fell 73% on a like-for-like basis.
Hotels in the United Kingdom (2.2% of Covivio's portfolio) were directly impacted by government closure from 25 March to 4 July for England, and 15 July for Scotland. Only 4 hotels out of 12 are planned to reopen in July. This unprecedented situation is expected to trigger a major under-performance (MAC) clause in 2020, which is included in the lease; as a result, the rent decreases when losses sustained by the operator on the portfolio reach more than one-third of annual rents. In light of current expectations, Covivio has decided not to recognise any rents on this scope for the first half of 2020.
On the other leased hotels (6% of the portfolio), the agreements secured with tenants limited the drop in income (down 1.9%).

1% growth in asset value on a like-for-like basis

The portfolio value rose 1% like-for-like, driven by **buoyant values for residential and office real estate**:

- **In France offices** (35% of the portfolio), appraisal values rose 1.4%, thanks to a 7.8% like-for-like increase on development projects.
- **In Italy offices** (17% of the portfolio), assets in Milan (almost 90% of the Italy offices portfolio) rose 0.5% like-for-like. The value of the Telecom Italia portfolio remained stable (down 0.3%).
- **In Germany offices** (8% of the portfolio), the valuation of the former Godewind portfolio was over 3% higher than its acquisition price. The remainder (€270 million GS assets, mostly located in Berlin) grew 2.6% on a like-for-like basis.
- **Germany residential** (24% of the portfolio) **benefited from the continuing rise in prices** as a result of the housing shortage. Accordingly, the value rose 4.2% like-for-like, including 2.2% in Berlin, despite the new regulation. In other regions (NRW, Hamburg, Dresden and Leipzig), values rose 6% to 7% on a like-for-like basis. This portfolio block value remains far removed from a single-unit valuation. For example, Covivio sold apartments on a single-unit basis in the first half for €19 million, with an average 81% margin.
- **In Hotels,** thanks to its strong fundamentals and the rental agreements that have been secured, appraisal values for the hotel portfolio were holding up reasonably well at the end of June, with a 3.1% decrease on a like-for-like basis.



LIKE-FOR-LIKE VALUE GROWTH

FRANCE OFFICES	+1.4%	Paris	+2.0%
		First Ring, Western Crescent & La Défense	+1.0%
		Major Regional cities	+1.0%
ITALY OFFICES	-0.3%	Milan	+0.5%
		Rest of Italy	-2.4%
GERMANY OFFICES		**+2.6%** (excluding Godewind)	
		Godewind: +3% vs acquisition price	
GERMANY RESIDENTIAL	+4.2%	Berlin	+2.2%
		NRW	+7.0%
		Hamburg, Dresden & Leipzig	+6.4%
HOTELS IN EUROPE	-3.1%	Variable lease & management contract	-3.3%
		UK portfolio	-7.6%
		Other leases	-0.8%

A secure financial profile

During the half year, **Covivio's financial profile continued to improve,** thanks to:

- the €343 million capital increase as a result of the option to receive the dividend payment as shares (selected for 82.3% of the share capital);
- and the €500 million 10-year bond issue at 1.625%, almost 5 times oversubscribed, which will refinance part of the existing debt while extending its maturity.

With an LTV of 41.1%, close to its policy to maintain leverage under 40%, Covivio benefits from diversified debt (37% bonds, 46% mortgages, 17% corporate loans), which is long term (maturity of 6.1 years) and 82% hedged. Its ICR is 6.1x, for an average debt ratio of 1.31% (vs 1.55% at the end of 2019). Covivio can also rely on abundant liquidity, with €2.0 billion in cash or cash equivalents at the end of June. All of these factors contributed to S&P's confirmation, last May, of Covivio's credit rating of BBB+, stable outlook.

EPRA Earnings of €192.4 million vs €219.7 million at the end of June 2019

Penalised by the €32m drop in hotel income during the half year, and despite the rise in income from residential and the improved cost of debt, EPRA Earnings fell €27 million compared to the previous year, standing at €192.4 million at the end of June 2020. EPRA Earnings per share stood at €2.17 vs €2.63 in the first half of 2019.
Net result reaches €194.2 million.

EPRA NAV: €9.4 billion and €99.8 per share

EPRA NAV rose €188 million over six months, to €9.4 billion, principally thanks to the rise in appraisal values (NNNAV of €8.4 billion stable due to the impact of the fair value of hedging instruments and fixed-rate debt). Per share, EPRA NAV was €99.8, compared to €105.8 at the end of 2019 (NNNAV of €89 vs €95.7), as a result of shares being created by the scrip dividend option, selected by 82.3% of the share capital. Shareholders were therefore able to shore up Covivio's share capital at the price of €47.80, a 34% gain on the stock market price at 20 July. Over a year, EPRA NAV per share remained practically stable (down 0.8%).

Outlook

2020: EPRA Earnings guidance of around €380 million

Business in residential and offices (84% of the portfolio) is expected to remain buoyant in the second half. In hotels (15% of the portfolio), the Group does not anticipate any improvement in results given the high levels of uncertainty.
In this context, **Covivio has set the new guidance of EPRA Earnings of around €380 million in 2020** (€4.15/share). The drop of around €100 million compared to the target announced in February 2020 is due to the impact of the current crisis, principally on:

- the hotel business, for around 70%,
- the increase in unpaid rent, principally in retail (10%),
- the slight increase in office vacancy rates (10%)
- and the delays in development projects (10%).

In the medium term, Covivio has the necessary assets to support the current changes in the real estate industry

Covivio's fundamentals should enable it to emerge from the crisis in good shape and achieve lasting growth in its results. Faced with the increasing speed of change in the real estate industry, Covivio's purpose to "build sustainable relationships and well-being" is all the more relevant. There is a growing need for real estate to be perfectly connected to cities and promote well-being, while being efficient and flexible. Thanks to the quality of its portfolio and its strong customer-focused culture, **Covivio has the necessary assets to support current and future change**.

The crisis confirmed the resilience of the residential market. Drawing on its long-standing know-how in housing in France and Germany, and on its strong development expertise, Covivio has set-up a team in France in 2018 responsible for transforming office assets into housing destined for sale. A pipeline of 130,000 m² with a production cost of €465 million has been identified in Greater Paris, Bordeaux, Nantes and Nice. Three projects amounting to €44 million and covering 12,300 m² have been committed in Meudon, Saint-Germain-Lès-Corbeil and Le Raincy. All of them have been pre-sold either for private owners or for social housing, and they will be delivered at the end of 2021 and in early 2022.

Offices are a strategic part of corporate life and as such must be extremely accessible, *digital friendly* and service-focused. In addition to its regular disposals programme across all of its asset classes, Covivio plans to maintain a brisk pace of sales of mature offices with a target of €400 million in new agreements in the next 12 months. This active rotation will finance its programme to develop new offices that are perfectly adapted to user needs.

The hotel industry has promising fundamentals which give us confidence in its ability to bounce back in the medium term. Therefore, Covivio will complete the planned acquisition (for €248 million GS) of 8 high-end hotels located in the heart of some of Europe's most visited cities: Nice, Rome, Florence, Venice, Prague and Budapest.

Changes in the way buildings are used justify the focus on digital and services since 2018, as reflected in the opening of more Wellio flexible office space. In addition to the 5 sites already open in Paris (3), Bordeaux and Marseille covering 15,200 m², 4 sites will open by 2022 in the centres of Paris (5th and 17th districts), Lyon and Milan covering 19,500 m². More than 50% of the Milan (Via Dante) spaces due to open at the end of August have already been booked.

CALENDAR

- 3rd quarter activity: 15 October 2020

CONTACTS

Press Relations
Géraldine Lemoine
Tel : + 33 (0)1 58 97 51 00
geraldine.lemoine@covivio.fr

Laetitia Baudon
Tel: + 33 (0)1 44 50 58 79
laetitia.baudon@shan.fr

Investor Relations
Paul Arkwright
Tel : + 33 (0)1 58 97 51 85
paul.arkwright@covivio.fr

Hugo Soussan
Tél : + 33 (0)1 58 97 51 54
hugo.soussan@covivio.fr

ABOUT COVIVIO

Thanks to its partnering history, its real estate expertise and its European culture, Covivio is inventing today's user experience and designing tomorrow's city.
A preferred real estate player at the European level, Covivio is close to its end users, capturing their aspirations, combining work, travel, living, and co-inventing vibrant spaces.

A benchmark in the European real estate market with a portfolio of €25 billion, Covivio offers support to companies, hotel brands and territories in their pursuit of attractiveness, transformation and responsible performance.
Covivio's mission is accordingly to create well-being and lasting relationships, and the Company embodies its role as a responsible real estate operator with all its stakeholders: customers, shareholders and financial partners, internal teams, local authorities, and future generations. Further, its living, dynamic approach to real estate opens up exciting project and career prospects for its teams.

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

Ratings:
Financial part: BBB+ / Stable outlook by Standard and Poor's
Non-financial part: A1+ by Vigeo-Eiris

1. BUSINESS ANALYSIS

Changes in scope:
The main change is the acquisition of the German offices company Godewind, in early 2020, owned at 89.3%.

A. REVENUES: €302 M AS OF JUNE 2020

	100%			Group share				
(€ million)	H1 2019	H1 2020	Change (%)	H1 2019	H1 2020	Change (%)	Change (%) LfL [1]	% of revenue
France Offices	**130.3**	**121.0**	**-7.1%**	**115.1**	**105.7**	**-8.2%**	**+1.0%**	**35%**
Paris	42.6	43.7	+2.6%	40.0	40.8	+2.1%	+3.1%	13%
Greater Paris (excl. Paris)	66.2	57.7	-12.8%	54.4	45.9	-15.6%	-0.2%	15%
Major regional cities	14.2	12.9	-9.1%	13.4	12.1	-9.7%	+4.6%	4%
Other French Regions	7.4	6.8	-7.2%	7.4	6.8	-7.2%	-11.3%	2%
Italy Offices	**94.5**	**84.2**	**-10.9%**	**72.9**	**64.2**	**-12.0%**	**+2.0%**	**21%**
Offices - excl. Telecom Italia	50.4	43.3	-14.1%	50.4	43.3	-14.1%	+2.8%	14%
Offices - Telecom Italia	44.0	40.9	-7.1%	22.5	20.9	-7.1%	+0.5%	7%
German Offices	**5.1**	**27.3**	**n.a**	**3.3**	**18.4**	**n.a**	**+2.8%**	**6%**
Berlin	4.1	5.1	+24.0%	2.7	3.6	+35.6%	+1.9%	1%
Other cities	1.0	22.2	n.a	0.6	14.8	n.a	+6.8%	5%
German Residential	**119.2**	**122.5**	**+2.8%**	**76.5**	**78.6**	**+2.9%**	**+2.9%**	**26%**
Berlin	58.6	59.5	+1.6%	37.8	38.5	+1.7%	+2.3%	13%
Dresden & Leipzig	12.0	12.3	+2.8%	7.6	7.9	+3.1%	+3.6%	3%
Hamburg	7.9	8.1	+2.3%	5.2	5.3	+2.3%	+2.6%	2%
North Rhine-Westphalia	40.7	42.6	+4.6%	25.8	27.0	+4.6%	+3.8%	9%
Hotels in Europe	**148.9**	**73.1**	**-50.9%**	**59.1**	**28.5**	**-51.8%**	**-50.5%**	**9%**
Hotels - Lease Properties	**117.7**	**69.8**	**-40.7%**	**46.1**	**27.1**	**-41.3%**	**-41.8%**	**9%**
France	48.2	26.7	-44.5%	16.2	8.6	-47.1%	-47.3%	3%
Germany	16.8	15.9	-5.4%	7.1	6.8	-4.9%	-1.8%	2%
UK	22.1	-	-100.0%	9.5	-	-100.0%	-100.0%	-
Spain	17.1	15.5	-9.6%	7.4	6.7	-9.6%	-9.9%	2%
Belgium	7.3	4.8	-34.3%	3.2	2.1	-35.1%	-34.5%	1%
Others	6.2	6.9	+11.1%	2.7	3.0	+10.5%	-3.4%	1%
Hotels - Operating Properties (EBITDA)	**31.2**	**3.3**	**-89.3%**	**13.0**	**1.4**	**-89.3%**	**-78.0%**	**0%**
Total strategic activities	**497.9**	**428.2**	**-14.0%**	**326.9**	**295.4**	**-9.6%**	**-7.6%**	**98%**
Non-strategic	**15.5**	**10.4**	**-32.8%**	**11.9**	**7.0**	**-41.5%**	**-3.5%**	**2%**
Retail Italy	5.9	4.0	-32.6%	5.9	4.0	-32.6%	-3.6%	1%
Retail France	6.3	6.1	-3.3%	2.7	2.6	-2.3%	-3.2%	1%
Other (France Residential)	3.3	0.3	-89.6%	3.3	0.3	-89.6%	n.a.	0%
Total revenues	**513.4**	**438.6**	**-14.6%**	**338.8**	**302.3**	**-10.8%**	**-7.5%**	**100%**

[1] LfL: Like-for-Like

Group share revenues decreased by 10.8% year-on-year (-€36.5 m) primarily under the following effects:

- Solid results on Offices and Residential activities, with like-for-like revenues increasing by +1.9% (+€4.6 m):
  - +1.0% in France Offices, thanks to indexation.
  - +2.0% in Italy Offices driven by Offices in Milan excluding Telecom Italia (+3.3%).
  - +2.8% in German Offices (excluding the acquired Godewind portfolio).
  - +2.9% in German Residential, driven by North Rhine-Westphalia (+3.8%).

- On Hotels activity, the like-for-like revenues decreased by 50.5% (-€28.7 m) due to:
  - Significant decrease in variable revenues, both on variables leases (-67%) and EBITDA from management contracts (-78%).
  - Hotels located in the UK leased to IHG, especially impacted by the strict lockdown in the country and the late lifting of restrictions. This should trigger a major underperformance clause (MAC clause) included in this contract. Covivio has decided not to account any rent on this portfolio as of end-June 2020.
  - On other leases, agreements reached with 8 operators enabled to limit the decrease to -1.9%.

- Acquisitions (+€17.2m) especially in German offices (+€15.0 m), with the acquisition of 10 assets through Godewind acquisition in H1 2020.
- Deliveries of new assets (+€5.3 m), mainly in France with 3 projects delivered in 2019 in major French cities and in Milan with the first building of The Sign project, fully pre-let.
- Asset disposals: (-€25.1 m), especially:
  - In France Offices (-€6.7 m), most come from mature assets disposals in Greater Paris in 2019.
  - In Italy (-€10.1 m), mostly through the disposal of two portfolios of mature and non-core assets in 2019.
  - In German Residential (-€1.2 m).
  - In Hotels (-€2.3 m) with the disposal of non-core assets in 2019 and 2020 (mostly B&B hotels).
  - Non-strategic assets (-€4.8 m) mainly retail in Italy and the remainder of our residential portfolio in France.
- Vacating for redevelopment (-€3.1 m), in Milan on a committed project in the CBD and in France in view of residential development.
- Other effects (-€6.8 m) mainly early release compensations received in 2019.

B. LEASE EXPIRIES AND OCCUPANCY RATES

1. Annualized lease expiries: 7.1 years of average lease term

(Years)	By lease end date (1st break)		By lease end date	
Group share	**2019**	**H1 2020**	**2019**	**H1 2020**
France Offices	4.6	4.5	5.4	5.4
Italy Offices	7.2	7.1	7.8	7.5
Germany Offices	n.a.	5.1	n.a.	6.0
Hotels in Europe	13.7	14.7	14.9	16.3
Total strategic activities	**7.1**	**7.1**	**8.0**	**8.0**
Non-strategic	5.2	5.7	6.7	6.7
Total	**7.1**	**7.1**	**7.9**	**8.0**

The average firm residual duration of leases is stable at 7.1 years at end-June 2020. The main changes are:

- The integration of the German office portfolio with a 5.1 firm lease duration,
- Offset by the agreements reached with 8 hotel operators including lease extension of 3.9 years on average (AccorInvest, B&B, NH, Barcelo, MotelOne, Meininger, Melia, HCI).

(€ million; Group share)	By lease end date (1st break)	% of total	By lease end date	% of total
2020	41	6%	34	5%
2021	53	7%	41	6%
2022	63	9%	48	7%
2023	45	6%	29	4%
2024	26	4%	21	3%
2025	51	7%	49	7%
2026	15	2%	18	3%
2027	30	4%	34	5%
2028	24	3%	42	6%
2029	24	3%	42	6%
Beyond	158	22%	171	24%
Total Offices and Hotels leases	529	73%	529	73%
German Residential	160	22%	160	22%
Hotel operating properties	31	4%	31	4%
Other (Incl. French Residential)	0.3	0%	0.3	0%
Total	**721**	**100%**	**721**	**100%**

Out of the €41 m of expiries remaining in 2020, representing 6% of Covivio annualized revenues:

- 1% relate to tenants with no intent to vacate the property.
- 1.5% relate to assets to be redeveloped after the tenant departure, including the 12,200 m² Corso Italia building in Milan CBD.
- 0.5% relate to non-core assets essentially earmarked for disposal.
- 3% to be managed in strategic location:
    - In France: in Paris inner-city and attractive business districts in the 1st ring (such as La Défense).
    - In Italy, in Milan CBD.
    - In Germany: in Berlin on assets with >30% reversion potential and in Hamburg.

Out of the €53 m of expiries remaining in 2021, representing 7% of Covivio annualized revenues:

- 2.5% relate to assets to be vacated by Orange for future redevelopments, essentially in Paris CBD.
- 0.5% relate to tenants with no intent to vacate the property.
- 4% relate to other assets in strategic locations such as Paris, the Inner ring, Milan CBD or German top cities.

2. Occupancy rate: 96.1%

(%)	Occupancy rate	
Group share	**2019**	**H1 2020**
France Offices	97.1%	95.8%
Italy Offices	98.7%	97.8%
German Offices	97.0%	79.0%
German Residential	98.6%	98.4%
Hotels in Europe	100.0%	100.0%
Total strategic activities	**98.3%**	**96.1%**
Non-strategic	96.8%	97.8%
Total	**98.3%**	**96.1%**

The occupancy rate stands at 96.1% for strategic activities given the integration of the German offices portfolio with an occupancy of 79%.

The German offices portfolio is affected by the termination of WeWork's lease contract in Düsseldorf (21,600 m² on Herzog-Terrassen), on which a mutual financial agreement was reached. This termination has an impact of -12 pts on the German offices occupancy rate.

Excluding the new German offices activity, the occupancy rate stands at 97.5%, -0.8 pt compared to end-2019 taking into account some releases in France offices, where reletting was delayed due to the lockdown.

3. Reserves for unpaid rent

(€ million, Group share)	H1 2019		H1 2020	
	In €m [1]	As % of rental income	In €m [1]	As % of rental income
France Offices	1.0	0.9%	0.8	0.7%
Italy Offices	1.5	1.8%	4.1	6.0%
German Residential	0.5	0.5%	1.4	1.7%
German Offices	n.a.	n.a.	0.1	0.9%
Hotels in Europe	0.0	0.0%	0.6	2.1%
Total	**3.0**	**0.9%**	**7.0**	**2.3%**

[1] net provision / reversals of provison

The increase in unpaid rents to 2.3% is mainly driven by the ground floor retail in the office and residential buildings and the non-strategic shopping centers in Italy. Overall cash impact of the granted incentives is €10 m.

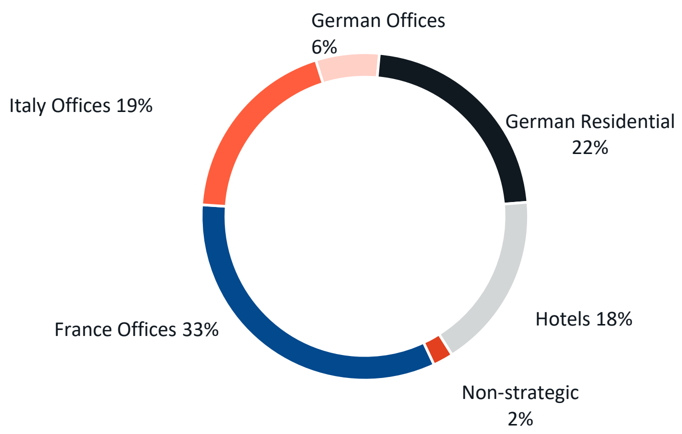
C. BREAKDOWN OF REVENUES

By major tenants

(€ million, Group share)	Annualized revenues [1] H1 2020	%
Orange	62.4	9%
Telecom Italia	41.7	6%
Accor	33.9	5%
Suez	22.6	3%
IHG	21.2	3%
B&B	13.5	2%
Tecnimont	13.5	2%
EDF / Enedis	12.7	2%
Dassault	12.7	2%
Thalès	11.4	2%
Vinci	10.4	1%
NH	8.7	1%
Natixis	7.6	1%
Creval	6.9	1%
Intesa San Paolo	6.2	1%
Fastweb	6.2	1%
Eiffage	5.9	1%
Cisco	5.2	1%
Hotels lease properties	22.6	3%
Other tenants <€5M	235.1	33%
German Residential	159.9	22%
Total	**720.6**	**100%**

[1] : The hotels annualized revenues are based on the 2019 revenues

By activity



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

In 2020, Covivio continued its strategy of diversifying its tenant base, even more with the integration of the newly acquired German offices portfolio that enjoys a tenant base composed of 87% of large corporations. As a result, exposure to the three largest tenants decreased to 20% against 21% at end 2019.

D. COST TO REVENUE RATIO BY BUSINESS

(€ million, Group share)	France Offices	Italy Offices (incl. retail)	German Residential	German Offices	Hotels in Europe (incl. retail)	Total	
	H1 2020	H1 2020	H1 2020	H1 2020	H1 2020	H1 2019	H1 2020
Rental Income	105.7	68.1	82.0	15.1	29.7	325.8	300.9
Unrecovered property operating costs	-7.2	-6.8	0.1	-1.2	-0.8	-18.8	-16.2
Expenses on properties	-0.9	-2.2	-5.9	-0.5	-0.1	-10.3	-9.7
Net losses on unrecoverable receivable	-0.8	-4.1	-1.4	-0.1	-0.6	-3.0	-7.0
Net rental income	**96.8**	**55.1**	**74.7**	**13.3**	**28.1**	**293.7**	**268.0**
Cost to revenue ratio[1]	**6.1%**	**19.2%**	**8.8%**	**12.0%**	**4.3%**	**9.0%**	**10.9%**

[1] Ratio restated of IFRIC 21 impact, smoothed over the year.

The cost to revenue ratio (10.9%) increased by 1.9 pts compared to H1 2019, mainly due to:

- The integration of the German offices portfolio which has a cost to revenue ratio of 12%, due to current vacancy rate at end-June.
- The increase in unpaid rent coming from retail in Italy and in France

E. DISPOSALS: €400 m OF NEW DISPOSALS AGREEMENTS IN H1 2020 WITH 15% MARGIN

(€ million)		Disposals (agreements as of end of 2019 closed)	Agreements as of end of 2019 to close	New disposals H1 2020	New agreements H1 2020	Total H1 2020	Margin vs 2019 value	Yield	Total Realized Disposals
		1		2	3	= 2 + 3			= 1 + 2
France Offices	100 %	1	54	83	156	239	11.0%	4.7%	84
	Group share	1	54	83	156	239	11.0%	4.7%	84
Italy Offices	100 %	57	15	-	127	127	18.9%	3.6%	57
	Group share	56	15	-	111	111	22.4%	3.5%	56
Germany Residential	100%	11	1	10	9	19	80.9%	0.9%	21
	Group share	7	1	6	6	12	80.7%	0.9%	13
Hotels in Europe	100 %	120	13	-	24	24	15.6%	6.5%	120
	Group share	47	5	-	11	11	15.6%	6.5%	47
Non-strategic (France Residential, Retail in France and Italy)	100 %	23	33	0	59	59	-0.3%	6.7%	24
	Group share	23	33	0	26	26	-0.4%	6.6%	23
Total	**100 %**	**213**	**116**	**94**	**375**	**469**	**13.4%**	**4.6%**	**306**
	Group share	**134**	**108**	**90**	**309**	**400**	**14.6%**	**4.4%**	**224**

New disposals and agreements were signed for €400 million Group share (€469 million at 100%) with 14.6% average margin on last appraisal values. Covivio notably accelerated the pace of mature office disposal agreements on which the value creation potential has been fully extracted:

- **Buildings successfully developed by Covivio** between 2013 and 2017.
- **90% value creation** since the delivery of those assets, including 15% margin on disposal.

In details, the disposals agreements include:

- **Mature assets**: €343 m Group share (€364 m at 100%):
  - 5 offices in Greater Paris (Nanterre), major French cities (Lyon and Nancy) and Milan: €320 m Group share.
  - Some privatizations in German residential: €12 m Group share with 81% margin.
  - Mainly one hotel in Spain: €9 m Group share.
- **Non-core assets**: €30 m Group share (€46 m at 100%) in secondary locations in France and in Italy outside Milan.
- **Non-strategic assets**: €26 m Group share, mainly Jardiland stores in France.

F. INVESTMENTS: €1.4 Bn REALISED IN H1 2020 (€1.2 BILLION GROUP SHARE)

(€ million including duties)	Acquisitions H1 2020 realized			Development Capex H1 2020	
	Acquisitions 100%	Acquisitions Group Share	Yield Group Share	Capex 100%	Capex Group share
France Offices	-	-	-	100	82
Italy Offices	-	-	-	31	31
Germany Offices	1,215	1,073	3.6%	16	16
Germany Residential	11	7	4.2%	24	16
Hotels in Europe	-	-	-	13	6
Total	**1,226**	**1,079**	**3.6%**	**196**	**162**

€1.4 billion (€1.2 m Group share) of investments were realised in the first half of the year 2020:

- The acquisition of a **German offices** portfolio for €1.1 bn Group share: 10 core office buildings through the takeover of Godewind. The portfolio is totaling 290,000 m² located in the largest German cities: Frankfurt, Düsseldorf, Hamburg, and Munich.
  89% of the share capital has been acquired through a public offer in the first semester and the remainder 11% could be acquired by the end of the year. At full occupancy, the yield reaches 4.7%
- **Germany Residential:** acquisition of two residential assets in Germany (in Berlin and Dresden) worth €11 m. These assets offer an attractive potential yield of 4.2%.
- Capex in the **development pipeline** of €196 m (€162 m Group share), mostly related to development projects in Paris and Milan and acquisitions of land banks in Berlin to fuel future Residential and Office developments. The target yield on this pipeline stands at 6.0%, and the target value creation above 30%.

As a reminder, at year-end 2019, Covivio signed an agreement for the acquisition of 8 hotels located in Rome, Venice, Florence, Prague, and Budapest for €248 million Group share including capex (€573 m at 100%). This 1,115 room-portfolio of high-end hotels, the majority of which hold 5-star-ratings in prime locations, include several iconic hotels such as the Palazzo Naiadi in Rome, the Carlo IV in Prague, the Plaza in Nice and the NY Palace in Budapest.

In parallel, Covivio and NH Hotel Group signed a long-term triple net lease of 15 years firm at a 4.7% yield.

Initially planned for April 2020, the operation was postponed to September 2020 under the same conditions.

G. DEVELOPMENT PROJECTS: €8.6 Bn (€6.9 Bn GROUP SHARE)

1. Deliveries: 23,000 m² of offices delivered in the first half of 2020

In the first half of 2020, two projects have been delivered:

- The Sign A (9,300 m²) is a redeveloped asset located in the Navigli business district of Milan fully let to AON for their Italian headquarters.
- The last part of Corso Ferrucci project in Turin (13,700 m²) was delivered in June. The asset is now fully delivered and 90% let to multiple tenants, including NTT Data who took 3,400 m² in the first half of 2020.

2. Committed projects: €1.8 Bn Group share pre-let at 75% for the next 12 months

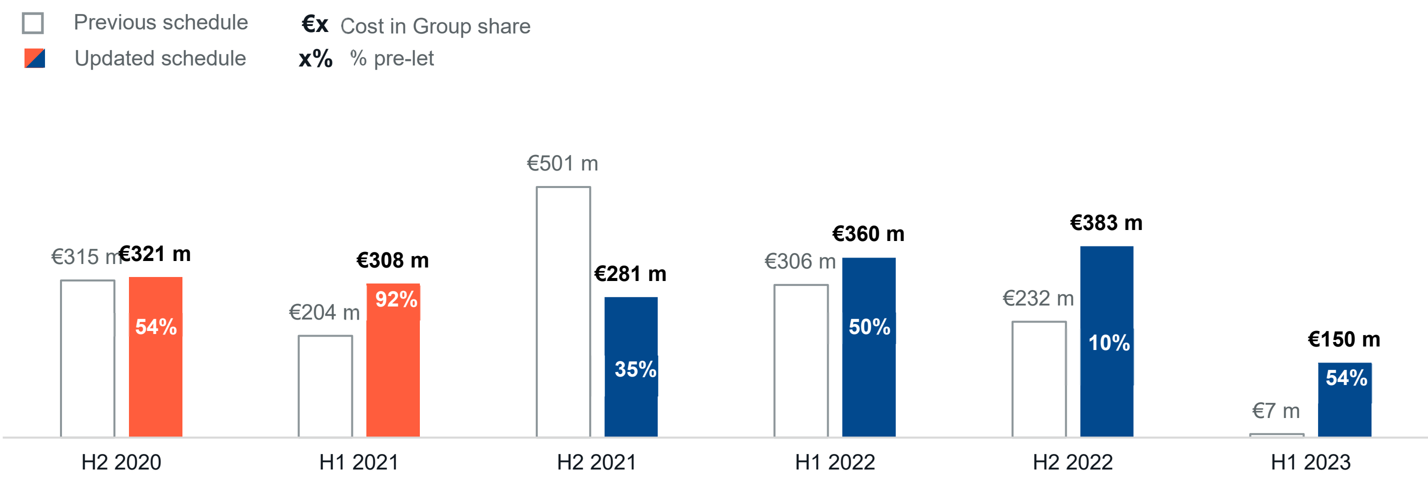
In the first half of 2020, Covivio continued its investment effort on the committed development pipeline, with 41 projects in three European countries, of which 90% in Paris, Berlin and Milan. They will be completed between 2020 and 2023.

The lockdown period lasting from March to June in France, Italy and Germany had a limited impact on the pipeline: +3 months delay on average and a very marginal impact on costs (maximum 1%).

This committed pipeline is composed of:

- €2.0 billion (€1.6 bn in Group share) of Offices in France and Italy.
- €256 million (€166 m in Group share) of residential in Germany.
- €44 million (€44 m in Group share) of residential project in France, to be transformed from offices into residential assets.

€1.8 bn	6.0%	51%	>30%
cost Group share	yield on cost	pre-let	Target margin



Next 12 months

75% pre-let

11 office projects in **Greater Paris & Milan**

& 243 residential units in Berlin

Beyond 12 months

Deliveries essentially in 2022 and 2023

10 prime buildings & 650 residential units in high-quality locations

85% of projects in
Paris inner-city (CBD & 17th) & Levallois, Lyon CBD,
& Milan (CBD & Symbiosis)

Synthesis of Committed projects	Surface [1] (m²)	Pre-leased (%)	Total Budget [2] (€M, 100%)	Total Budget [2] (€M, Group share)	Target Yield [3]
France Offices	256 960 m²	48%	1 642	1 255	5,9%
Italy Offices	65 100 m²	59%	338	338	6,4%
German Residential	64 800 m²	n.a	256	166	4,8%
French Residential	12 300 m²	n.a	44	44	n.a
Hotels in Europe	108 rooms	100%	8	2	6,0%
Total	**399 160 m² & 108 rooms**	**51%**	**2 288**	**1 804**	**6,0%**

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

Committed projects	Location	Project	Surface[1] (m²)	Delivery	Target rent (€/m²/year)	Pre-leased (%)	Total Budget[2] (€M, 100%)	Total Budget [2] (€M, Group share)	Target Yield[3]
Meudon Ducasse	Meudon - Greater Paris	Construction	5 100 m²	2020	260	100%	23	23	6,1%
Belaïa (50% share)	Orly - Greater Paris	Construction	22 600 m²	2020	198	47%	66	33	>7%
IRO	Châtillon- Greater Paris	Construction	25 600 m²	2020	325	20%	138	138	6,4%
Total deliveries 2020			**53 300 m²**			**34%**	**227**	**194**	**6,6%**
Flow	Montrouge - Greater Paris	Construction	23 600 m²	2021	327	100%	115	115	6,6%
Gobelins	Paris 5th	Regeneration	4 360 m²	2021	510	100%	50	50	4,3%
Silex II (50% share)	Lyon	Regeneration	30 900 m²	2021	312	53% 15% Wellio	169	85	5,8%
Montpellier Bâtiment de services	Montpellier	Construction	6 300 m²	2021	224	8%	21	21	6,7%
Montpellier Orange	Montpellier	Construction	16 500 m²	2021	165	100%	49	49	6,7%
Total deliveries 2021			**81 660 m²**			**81%**	**404**	**320**	**6,1%**
Jean Goujon	Paris 8th	Regeneration	8 600 m²	2022	n.a	100%	189	189	n.a
Paris So Pop (50% Share)	Paris 17th	Regeneration	31 300 m²	2022	430	0%	230	115	6,1%
N2 (50% share)	Paris 17th	Construction	15 600 m²	2022	575	34% 34% Wellio	168	84	4,2%
Levallois Alis	Levallois - Greater Paris	Regeneration	19 800 m²	2022	530	0%	210	210	5,0%
Bordeaux Jardins de l'Ars	Bordeaux	Construction	19 200 m²	2023	220	0%	72	72	6,1%
DS Extension 2 (50% share)	Vélizy - Greater Paris	Regeneration- Extension	27 500 m²	2023	325	100%	141	71	>7%
Total deliveries 2022 and beyond			**122 000 m²**			**35%**	**1 011**	**741**	**5,5%**
Total France Offices			**256 960 m²**			**48%**	**1 642**	**1 255**	**5,9%**
Symbiosis School	Milan	Construction	7 900 m²	2020	230	99%	22	22	>7%
Dante 7	Milan	Regeneration	4 700 m²	2020	560	100%	58	58	4,5%
Duca d'Aosta	Milan	Regeneration	2 600 m²	2020	457	100%	13	13	>7%
Total deliveries 2020			**15 200 m²**			**100%**	**93**	**93**	**5,8%**
The Sign B+C	Milan	Construction	16 900 m²	2021	280	94%	68	68	>7%
Symbiosis D	Milan	Construction	18 500 m²	2021	315	35%	91	91	6,8%
Unione	Milan	Regeneration	4 500 m²	2021	480	0%	44	44	5,4%
Vitae	Milan	Construction	10 000 m²	2022	315	18%	42	42	6,5%
Total 2021 deliveries and beyond			**49 900 m²**			**45%**	**245**	**245**	**6,6%**
Total Italy Offices			**65 100 m²**			**59%**	**338**	**338**	**6,4%**
German residential - deliveries 2020	**Berlin**	**Construction**	**13 800 m²**	**2020**	**n.a**	**n.a**	**53**	**34**	**4,3%**
German residential - deliveries 2021 and beyond	**Berlin**	**Construction**	**51 000 m²**	**2021 & Beyond**	**n.a**	**n.a**	**203**	**132**	**4,8%**
Total German Residential			**64 800 m²**			**n.a**	**256**	**166**	**4,8%**
Total French Residential	**Greater Paris**	**Construction**	**12 300 m²**	**2021 & Beyond**	**n.a**	**n.a**	**44**	**44**	**n.a**
B&B Bagnolet (50% shares)	Greater Paris	Construction	108 rooms	2020	n.a	100%	8	2	6,0%
Total Hotels in Europe			**108 rooms**			**100%**	**8**	**2**	**6,0%**
Total			**399 160 m² & 108 rooms**			**51%**	**2 288**	**1 804**	**6,0%**

[1] Surface at 100%

[2] Including land and financial costs

[3] Yield on total rents including car parks, restaurants, etc.

3. Managed projects: €6 bn (€5 bn in Group share)

Following the review of its France office portfolio in 2019, Covivio strengthened its potential for future growth through a large pipeline of construction and redevelopment projects of €6 billion with target value creation >30%. The value potential on these projects will be extracted progressively in the short, medium and long-term.

A large part of this pipeline is made-up of obsolete office buildings in Paris inner-city, currently let to Orange (€1.2 bn).

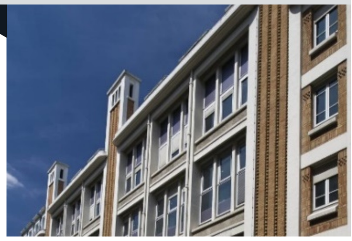
The next office projects are expected to be committed in 2020/2021 in central locations:

Paris CBD

Laborde – Paris CBD
6,200 m²

Anjou – Paris CBD
10,100 m²

Carnot – Paris CBD
11,200 m²



Milan

Corso Italia- Milan CBD
12,200 m²

Berlin

Alexanderplatz
60,000 m²

Additionally, Covivio intends to pursue its development strategy in residential:

- Around 235,000 m² of projects in Germany to fuel future growth.
- And 120,000 m² of French offices identified for transformation into residential.

Projects	Type	Location	Area	Project	Surface [1] (m²)	Commitment Timeframe
Laborde	Office France	Paris CBD	France	Regeneration	6,200 m²	2021
Villeneuve d'Ascq Flers	Office France	Lille	France	Construction	22,100 m²	2021
Carnot	Office France	Paris CBD	France	Regeneration	11,200 m²	2021-2022
Anjou	Office France	Paris CBD	France	Regeneration	10,100 m²	2021-2022
Opale	Office France	Meudon - Greater Paris	France	Construction	37,200 m²	2021-2022
Cité Numérique - Terres Neuves	Office France	Bordeaux	France	Construction	9,800 m²	2021-2022
Sub-total short-term projects					**96,600 m²**	
Provence	Office France	Paris	France	Regeneration	7,500 m²	2022-2023
Voltaire	Office France	Paris	France	Regeneration	14,000 m²	2022-2023
Keller	Office France	Paris	France	Regeneration	3,400 m²	2022-2023
Bobillot	Office France	Paris	France	Regeneration	3,700 m²	2022-2023
Raspail	Office France	Paris	France	Regeneration	7,100 m²	2022-2023
Jemmapes	Office France	Paris	France	Regeneration	11,600 m²	2022-2023
Levallois Pereire	Office France	Levallois - Greater Paris	France	Regeneration	10,000 m²	2022-2023
Boulogne Molitor	Office France	Boulogne - Greater Paris	France	Regeneration	4,400 m²	2022-2023
Rueil Lesseps	Office France	Rueil-Malmaison - Greater Paris	France	Regeneration - Extension	41,700 m²	2022-2023
Campus New Vélizy extension (50% share)	Office France	Vélizy - Greater Paris	France	Construction	14,000 m²	2022-2023
Sub-total mid-term projects					**117,400 m²**	
Cap 18	Office France	Paris	France	Construction	90,000 m²	>2024
St Denis Pleyel	Office France	Saint Denis - Greater Paris	France	Regeneration	14,400 m²	>2024
Saint Ouen Victor Hugo	Office France	Saint Ouen - Greater Paris	France	Regeneration	36,600 m²	>2024
Dassault Campus extension 3 (50% share)	Office France	Vélizy - Greater Paris	France	Construction	29,000 m²	>2024
Silex 3	Office France	Lyon	France	Construction	5,900 m²	>2024
Lyon Ibis Part-Dieu - Bureaux (43% share)	Office France	Lyon	France	Regeneration	50,000 m²	>2024
Montpellier Pompignane	Office France	Montpellier	France	Construction	72,300 m²	>2024
Toulouse Marquette	Office France	Toulouse	France	Regeneration	7,500 m²	>2024
Sub-total long-term projects					**305,700 m²**	
Total France Offices					**519,700 m²**	
Corso Italia	Office Italy	Milan	Italy	Regeneration	12,200 m²	2020
The Sign D	Office Italy	Milan	Italy	Construction	11,500 m²	2021
Symbiosis - other buildings	Office Italy	Milan	Italy	Construction	77,500 m²	2021 & beyond
Total Italy Offices					**101,200 m²**	
Alexanderplatz - 1st tower	Mixed-use	Berlin	Germany	Construction	60,000 m²	2020
Alexanderplatz - 2nd tower	Mixed-use	Berlin	Germany	Construction	70,000 m²	>2024
Additonal constructibilty (Hotels portfolio)	Mixed-use	France, UK, Germany	Europe	Construction	50,000 m²	>2024
Mixed-Use					**180,000 m²**	
Reno	Office Germany	Berlin	Germany	Regeneration	13,100 m²	2020
Beagle	Office Germany	Berlin	Germany	Construction	7,700 m²	2020-2021
Sunsquare	Office Germany	Munich	Germany	Construction	18,000 m²	2021
German Offices		**Berlin**		**Construction**	**38,800 m²**	**2020-2021**
German Residential	**Residential**	**Berlin**	**Germany**	**Extensions & Constructions**	**235,000 m²**	**2021 & beyond**
French Residential	**Residential**	**Greater Paris**	**France**	**Construction**	**120,000 m²**	**2022 & Beyond**
Total					**1,194,700 m²**	

[1] Surfaces at 100%

H. PORTFOLIO

Portfolio value: +1.0% like-for-like growth

(€ million, Excluding Duties)	Value 2019 Group Share	Value H1 2020 100%	Value H1 2020 Group share	LfL [1] 6 months change	Yield [2] 2019	Yield [2] H1 2020	% of portfolio
France Offices	5,759	7,120	5,857	+1.4%	5.1%	5.0%	35%
Italy Offices	2,976	3,643	2,953	-0.3%	5.4%	5.3%	17%
German Offices	251	1,670	1,381	+2.6%	n.a.	3.5%	8%
Residential Germany	3,962	6,414	4,123	+4.2%	4.0%	3.9%	24%
Hotels in Europe	2,513	6,218	2,392	-3.1%	5.2%	5.3%	14%
Total strategic activities	**15,477**	**25,065**	**16,706**	**+1.1%**	**4.9%**	**4.7%**	**99%**
Non-strategic	211	270	179	-5.4%	9.1%	10.9%	1%
Total	**15,688**	**25,335**	**16,885**	**+1.0%**	**4.9%**	**4.7%**	**100%**

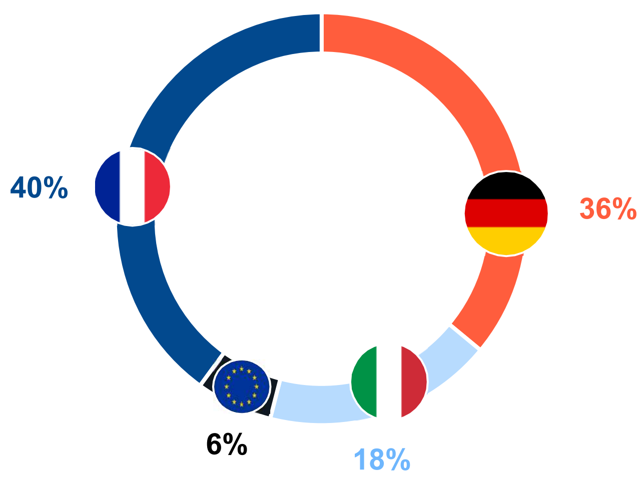
[1] LfL: Like-for-Like
[2] Yield excluding development projects

The portfolio grew by €1.2 billion to €16.9 billion Group share (€25.3 billion in 100%) mostly with the acquisition of the German offices portfolio. At constant scope, Covivio proved its solidity with a +1.0% increase despite the difficult environment explained by:

- +6% driven by the development pipeline, showing again the attractiveness of the locations chosen by Covivio for its projects.
- +4.2% like-for-like growth on German residential. All German cities where Covivio's residential portfolio is located showed life-for-like growth: in Berlin (+2.2%) despite the challenging regulatory environment, in North Rhine-Westphalia, the second largest exposure (+7.0%), Dresden & Leipzig (+6.8%) and Hamburg (+5.8%).
- -3.1% on Hotels, holding up reasonably well thanks to the rental agreements that have secured with 8 operators and despite uncertainty on future cash-flows.

Geographical breakdown of the portfolio at half-year 2020

91% in major European cities



I. LIST OF MAIN ASSETS

The value of the ten main assets represents almost 15% of the portfolio Group share stable vs end 2019.

Top 10 Assets	Location	Tenants	Surface (m²)	Covivio share
CB 21 Tower	La Défense (Greater Paris)	Suez, Verizon, BRS	68,400	75%
Garibaldi Towers	Milan	Maire Tecnimont, LinkedIn, etc.	44,700	100%
Herzogterrassen	Düsseldorf	NRW Bank, Deutsche Bank, Mitsui	55,700	89%
Dassault Campus	Vélizy (Greater Paris)	Dassault Systèmes	97,000	50%
Carré Suffren	Paris 15th	AON, Institut Français, OCDE	25,200	60%
Frankfurt Airport Center (FAC)	Frankfurt	Lufthansa, Fraport, Operational Services	48,100	89%
Art&Co	Paris 12th	Wellio, Adova, Bentley, AFD	13,500	100%
Zeughaus	Hamburg	GMG Generalmietgesellschaft	43,500	89%
IRO	Châtillon	Siemens	25,100	100%
Jean Goujon	Paris 8th	Covivio	8,500	100%

2. BUSINESS ANALYSIS BY SEGMENT

The France Offices indicators are presented at 100% and in Group share (GS).

A. FRANCE OFFICES

1. Impact of the lockdown on the office market

Covivio's France Offices portfolio of €7.1 billion (€5.9 billion Group share) is located in strategic locations in Paris, in the major business districts of the Greater Paris area and the centers of major regional cities.

- **Take-up** in Paris region stood at 667,500 m² in decline of 39% vs H1 2019. New and refurbished assets proved to be more resilient, in decline of only 18% (229,000 m²).
- **Vacancy rate** increased to 5.1% (vs. 4.9% at end-2019) and remains historically low in all areas.
  - Available new or refurbished space remains scarce and accounts for less than 30% of the immediate supply in every area.
- **Future available supply** at end-March 2020 is up by 9% vs end-September 2019 with 2.4 million m² stock under construction, of which 38% is pre-let:
  - Excluding La Défense, the pre-let ratio remains however stable at 45%.
  - In Covivio's markets, the future available supply tends to decrease: -38% in Levallois, -7% in Paris North 17th / Clichy / Saint-Ouen, and -15% in Montrouge / Malakoff / Châtillon.
- Average **headline rents on new or restructured space** rose by 3% on average year-on-year in Greater Paris and second-hand space saw a stronger increase (+8%). Prime rents increased by 5% year-on-year in Paris reaching a record of €870 m²/year, and 4% in La Défense (€540/m²).
- **In H1 2020, investments** in Greater Paris offices declined (-32% year-on-year) and totalled €6.0 bn, slightly below the 10-year average. There is still a significant gap between prime yields (decreasing to 2.75% in the CBD of Paris, 3.5% in Lyon) and the OAT 10-year (close to 0.01% in Q2 2020).

In the 2020 first half-year, the France Offices activity was characterized by:

- **Resilient rental income growth** of 1.0% on a like-for-like basis thanks to indexation.
- Acceleration of **mature asset disposals** with €239 million secured, essentially in Greater Paris and major regional cities:
  - Assets developed or redeveloped by Covivio between 2013 and 2019, offering strong value creation and confirming the success of Covivio's development strategy.
  - Disposal margin of 11% illustrating the quality of Covivio's portfolio.
- **+1.4% like-for-like value growth** over 6 months, thanks mainly to value creation on our development projects.

[1] Sources: CBRE, JLL, Deloitte, Immostat

Partially owned assets are the following:

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

2. Accounted rental income: +1.0% at a like-for-like scope

(€ million)	Rental income H1 2019 100%	Rental income H1 2019 Group share	Rental income H1 2020 100%	Rental income H1 2020 Group share	Change (%) Group share	Change (%) LfL 1 Group share	% of rental income
Paris Centre West	17.0	17.0	17.3	17.3	1.9%	2.1%	16%
Paris South	15.5	12.9	16.0	13.2	1.8%	4.6%	12%
Paris North- East	10.1	10.1	10.4	10.4	3.0%	3.0%	10%
Total Paris	**42.6**	**40.0**	**43.7**	**40.8**	**2.1%**	**3.1%**	**39%**
Western Crescent and La Défense	35.6	31.8	32.4	28.7	-9.7%	-1.5%	27%
Inner ring	28.0	20.0	23.5	15.4	-22.8%	1.8%	15%
Outer ring	2.6	2.6	1.7	1.7	-32.4%	1.2%	2%
Total Paris Region	**108.7**	**94.3**	**101.3**	**86.7**	**-8.1%**	**1.3%**	**82%**
Major regional cities	14.2	13.4	12.9	12.1	-9.7%	4.6%	11%
Other French Regions	7.4	7.4	6.8	6.8	-7.2%	-11.3%	6%
Total	**130.3**	**115.1**	**121.0**	**105.7**	**-8.2%**	**1.0%**	**100%**

[1] LfL: Like-for-Like

Overall, rental income decreased by 8.2% to €106 million Group share (-€9.4 million) as a result of:

- +€1.2 m from **improved rental performance** with +1.0% growth on a like-for-like basis, mostly driven by the indexation effect.
- +€2.1 m from **deliveries** in major regional cities (Toulouse, Bordeaux, Lille).
- -€2.1 m from **releases of assets, essentially for residential redevelopment** in the second half of 2020, especially in the second ring of Paris.
- -€6.7 m from **disposals**, mostly of mature assets in the Inner ring and in French regions (mainly Green Corner in Saint-Denis, Respiro in Nanterre and Quatuor in Lille region).
- -€2.5 m due to a **one-shot indemnity** received in H1 2019.
- -€1.4 m related to other effects.

3. Annualized rents: €238 million Group share

(€ million)	Surface (m²)	Number of assets	Annualized rents 2019 Group share	Annualized rents H1 2020 100%	Annualized rents H1 2020 Group share	Change (%)	% of rental income
Paris Centre West	123,830	12	35.2	35.5	35.5	0.7%	15%
Paris South	71,761	8	27.3	32.2	26.6	-2.5%	11%
Paris North- East	110,594	6	20.9	20.7	20.7	-0.9%	9%
Total Paris	**306,185**	**26**	**83.4**	**88.4**	**82.8**	**-0.7%**	**35%**
Western Crescent and La Défense	213,335	17	68.1	70.5	62.4	-8.4%	26%
Inner ring	467,743	21	43.0	70.4	42.9	0.0%	18%
Outer ring	50,020	21	5.2	3.0	3.0	-41.3%	1%
Total Paris Region	**1,037,283**	**85**	**199.7**	**232.3**	**191.2**	**-4.2%**	**80%**
Major regional cities	401,598	48	36.4	46.9	36.5	0.3%	15%
Other French Regions	188,259	61	12.9	10.6	10.6	-18.0%	4%
Total	**1,627,140**	**194**	**249.0**	**289.8**	**238.3**	**-4.3%**	**100%**

The weight of strategic locations is unchanged compared to 2019.

4. Indexation

The indexation effect is +€1.1 million (Group share) over six months. For current leases:

- 88% of rental income is indexed to the ILAT (Service Sector rental index).
- 10% to the ICC (French construction cost index).
- The balance is indexed to the ILC or the IRL (rental reference index).

5. Rental activity: more than 46,000 m² renewed or let during the first half of 2020

	Surface (m²)	Annualized rents H1 2020 (€m, Group share)	Annualized rents H1 2020 (€/m²,100%)
Vacating	19,896	4.1	246
Letting	5,901	1.5	336
Pre-letting	-	-	-
Renewals	40,341	10.4	222

Despite the lockdown, Covivio pursued its letting and renewal strategy:

- **40,340 m²** have been **renegotiated or renewed** in the first semester 2020, **including 18,200 m²** of renegotiations to help some tenants to get though the crisis.
  They have been realized in line with previous IFRS rents and with +2.6 years lease extension on average.
- **5,900 m²** have been let during the first half of 2020, mostly in Bordeaux and Paris.
- **19,900 m²** were vacated, mostly in Paris 18th (7,640 m²) and La Défense (6,730 m²).

Significant movements include:

- **IBM** renewals on two assets for 16,000 m² in Montpellier, with a new lease in line with previous IFRS rent.
- A new lease was signed on **Cité du Numérique in Bordeaux** with an insurance company (2,000 m², 6 years) achieving prime headline rent (€160/m²). Occupancy rate now reaches 81% on this asset.
- **Carré Suffren**'s activity illustrates the success of the renovation plan enhancing the services offer:
  - 2 new leases were signed for 9 years with strong tenants (Equinix and Naval Energies), achieving +8% increase vs previous rent on this building. With these 2 leases, in addition to 2 others signed in 2019, the surface vacated by Aon at end-2019 have been fully relet.
  - In parallel, 2 international institutions (Institut Français and OECD) renewed their lease for respectively 2 and 3 years.
- **CB21** in La Défense, where occupancy rate remains high at 95% despite some departures:
  - 3 tenants left for a total of 6,700 m².
  - These surfaces have been partially relet at end-June (~40%), with a new lease signed this semester coming in addition to 2 others signed in 2019, that took effect in 2020.

6. Lease expiries and occupancy rate

6.1. Lease expiries: firm residual lease term of 4.5 years

(€ million)	By lease end date (1st break)	% of total	By lease end date	% of total
2020	19	8%	17	7%
2021	34	14%	30	13%
2022	41	17%	29	12%
2023	28	12%	16	7%
2024	10	4%	7	3%
2025	40	17%	37	15%
2026	8	3%	8	3%
2027	16	7%	21	9%
2028	8	3%	24	10%
2029	5	2%	19	8%
Beyond	30	13%	32	13%
Total	**238**	**100%**	**238**	**100%**

The firm residual duration of leases is stable vs year-end-2019.

Out of the €19 m of expiries remaining in 2020, representing 8% of France Office rents (and 2.7% of Covivio annualized revenues):

- 2% relate to tenants with no intent to vacate the property.
- 1.5% relate to assets with planned redevelopment, including Flers asset in Lille to be released by Orange and redeveloped into a high-quality building.
- 0.5% relate to non-core assets with planned disposal.
- 4% to be managed, essentially linked to assets in Paris and la Défense.

Out of the €34 m of expiries in 2021, representing 14% of French Office rents (and 4.8% of Covivio's revenues):

- 10% are related to Orange, including 3 assets in Paris with refurbishment or redevelopment to be launched in 2021.
- 4% relates to core assets essentially in Paris and La Défense

6.2. Occupancy rate: a high level of 95.8%

(%)	2019	H1 2020
Paris Centre West	99.5%	99.5%
Southern Paris	100.0%	98.8%
North Eastern Paris	96.6%	95.3%
Total Paris	**98.9%**	**98.2%**
Western Crescent and La Défense	96.6%	93.5%
Inner ring	98.2%	98.4%
Outer ring	91.6%	86.5%
Total Paris Region	**97.8%**	**96.4%**
Major regional cities	96.2%	96.4%
Other French Regions	89.2%	84.6%
Total	**97.1%**	**95.8%**

The occupancy rate remains high at 95.8% despite the lockdown's challenging letting market. It has remained above 95% since 2010, reflecting the Group's very good rental risk profile over the long term.

The slight decline (-1.3 pts) is due to some releases in Paris and La Défense, where surfaces have been partially relet despite the slowdown in the letting market, and to non-core assets in secondary locations.

7. Reserves for unpaid rent

(€ million)	H1 2019	H1 2020
As % of rental income	0.9%	0.7%
In value [1]	1.0	0.8

[1] net provision / reversals of provison

The level of unpaid rent remains limited despite the Covid context, thanks to Covivio's strong exposure to large corporates. The level is below H1 2019, due a tenant bankruptcy last year on an asset in Boulogne.

8. Disposals and disposal agreements: €239 M secured in the first half of 2020

€239 m secured | +11% margin | 4.7% yield

€83 m

Realized disposals
Nanterre Respiro in the Western Crescent (11,170 m²)

€156 m

Disposal agreements
Core assets in major regional cities and non-core assets

Covivio has secured, in the first half of 2020, €239 million of disposals and disposal agreements at an overall +11% margin (vs end-2019 appraisal):

- €230 m of secured disposals related to mature assets developed or redeveloped by Covivio between 2013 and 2017:
  - An 11,170 m² office building in Nanterre (Greater Paris), delivered in 2015 at a 7% yield-on-cost, and sold at a 4.8% yield (in line with appraisal value).
  - Three assets in major regional cities, let to Covivio's longstanding partners and benefiting from long lease length. The group achieved a +18% margin vs end-2019 value.
- €9 m of non-core assets in the first ring and French regions of which €4 m realized and €5 m under agreement.

9. Development pipeline: €4.9 Bn of projects (€4.3 Bn Group share)

Development projects are one of the growth drivers for profitability and quality improvement in the portfolio, both in terms of location and the high standards of delivered assets.

9.1. Deliveries

No deliveries were made in the first half of 2020.

9.2. Committed pipeline: €1.6 billion of projects (€1.3 billion Group share)

Currently 14 projects are under way, of which 80% are located in Paris or Greater Paris, representing 256,960 m² of offices.

As a reminder the pre-let on the 11 offices projects in France and Italy to be delivered in the next 12-months is around 75%. It includes 7 assets in France offices:

- 2 projects in the business district of Montrouge/ Malakoff/Châtillon: Flow, the future headquarters of Edvance, subsidiary of EDF, fully pre-let, and IRO, 25,600m² of offices pre-let at 20% to Siemens.
- 1 project in Paris: Gobelins, 4,360 m² of offices dedicated to flex-workspace with Wellio.
- 2 other projects in Greater Paris: Meudon Ducasse a 5,100 m² asset fully pre-let and Coeur d'Orly Belaia (owned at 50%) and pre-let at 48% to ADP.
- 2 projects in Montpellier Pompignane business district: a 16,500 m² turnkey project for Orange and a service building as part of the future business hub in the area.

Deliveries beyond the next 12 months concern essentially projects for 2022 and 2023. The largest projects include:

- Paris So Pop – 31,300 m²: The project is located in a fast-developing business district north of Paris 17th (location of the new Paris Courthouse, new stations of metro line 14).

- Levallois Alis – 19,800 m²: full redevelopment project of offices into a prime asset in the well-established business district of Levallois, right next to the metro line 3.

- DS Campus extension – 27,500 m²: the second extension project of the Dassault Systems campus in Vélizy to be delivered in 2023.

Detail figures for each project are available on the summary table of the pipeline, page 21 of this document.

10. Portfolio values

10.1. Change in portfolio values: +€98 million in Group Share in first half of 2020

(M€, Including Duties Group share)	Value 2019	Acquis.	Invest.	Disp.	Change in value	Franchise	Transfer	Change in scope	Value H1 2020
Assets in operation	4,781	-	9	-82	3	1	-2	-	4,710
Assets under development	978	-	93	-3	77	-	2	-	1,147
Total	**5,759**	**-**	**101**	**-84**	**80**	**1**	**-**	**-**	**5,857**

The portfolio value has grown by €98 m since year-end-2019:

- +80 m from like-for-like value growth.
- +€101 m invested in development projects (+€93 m) and in upgrading work on assets in operations (+€9m).
- -€84 m from disposals that allowed Covivio to crystallize the value of mature assets and to finance investments in the development pipeline.

10.2. Like-for-like portfolio evolution: +1.4%

(€ million, Excluding Duties)	Value 2019 100%	Value 2019 Group share	Value H1 2020 100%	Value H1 2020 Group share	LfL (%) change [1] 6 months	Yield [2] 2019	Yield [2] H1 2020	% of total
Paris Centre West	1,312	1,197	1,388	1,249	3.2%	3.8%	3.7%	21%
Paris South	834	690	851	704	1.1%	4.2%	4.1%	12%
Paris North- East	412	412	412	412	0.1%	5.1%	5.0%	7%
Total Paris	**2,558**	**2,298**	**2,651**	**2,366**	**2.0%**	**4.2%**	**4.1%**	**40%**
Western Crescent and La Défense	1,590	1,429	1,502	1,345	-0.7%	5.3%	5.2%	23%
Inner ring	1,599	1,100	1,695	1,184	3.1%	5.7%	5.7%	20%
Outer ring	54	54	53	53	-1.1%	9.6%	5.7%	1%
Total Paris Region	**5,801**	**4,881**	**5,902**	**4,948**	**1.5%**	**4.9%**	**4.8%**	**84%**
Major regional cities	1,044	741	1,086	777	1.0%	5.8%	5.7%	13%
Other French Regions	137	137	132	132	0.2%	9.4%	8.0%	2%
Total	**6,982**	**5,759**	**7,120**	**5,857**	**1.4%**	**5.1%**	**5.0%**	**100%**

[1] LfL: Like-for-Like

[2] Yield excluding assets under development

.

Values increased by 1.4% during the semester on a like-for-like basis, further illustrating Covivio's secured profile in France Offices made up of:

- A dynamic development portfolio with significant value increase (+8.3%) explained by its strong and attractive locations. These locations resulted in strong catch-up in terms of capital value, confirming the potential of some of the most promising Greater Paris locations (Levallois, Châtillon, Montrouge, Paris 17th / Saint-Ouen).
- A resilient core portfolio with stable asset values (+0.4%) in tough economic times, thanks to the good asset profile (~5 years WALL and high occupancy) but also the secured disposal agreements of 3 prime assets.

11. Strategic segmentation of the portfolio

- The core portfolio is the strategic segment of key assets, consisting of resilient properties providing long-term income. Mature assets may be disposed of on an opportunistic basis in managed proportions. This frees up resources that can be reinvested in value-creating transactions, such as development projects or making new investments.
- The portfolio of assets "under development" consists of assets subject to a development project. Such assets will become *core assets* once delivered. They concern:
  - "Committed" projects (appraised).
  - Land banks that may be undergoing appraisal.
  - "Managed" projects vacated for short/medium term development (undergoing internal valuation).
- Non-core assets form a portfolio segment with a higher average yield than the overall office portfolio, but with smaller, liquid assets in local markets, allowing their possible progressive sale.

	Core Portfolio	Development portfolio	Non-core portfolio	Total
Number of assets	76	46	72	**194**
Value Excluding Duties Group share (€ million)	4,569	1,147	141	**5,857**
Annualised rental income	224	4	11	**238**
Yield [1]	4.9%	-	7.7%	**5.0%**
Residual firm duration of leases (years)	4.6	0.6	2.1	**4.5**
Occupancy rate	96.6%	n.a	81.0%	**95.8%**

[1] Yield excluding development

- Core assets represent 78% of the portfolio (Group share) at June 2020.
- The development portfolio value has increased sharply since H1 2019 and now represents 20% of the total portfolio, including 2% of residential development.
- Non-core assets now represent 2% of the portfolio, due to the disposals in French regions and the outer suburbs.

B. ITALY OFFICES

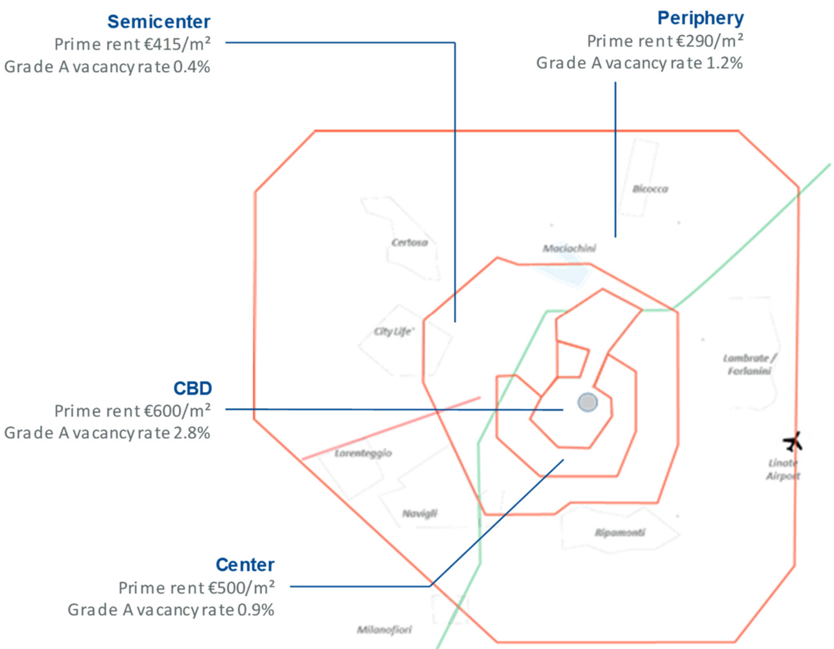
1. Milan office market demonstrates strong resilience

Covivio's Italy strategy is focused on Milan, where the Group's acquisitions and developments are concentrated. At end-June 2020, the Group owned offices worth €3.6 billion (€3.0 billion Group share).

The Milan office leasing and investment market proved to be resilient in the first half of 2020:

- Milan office **take-up** stood at 160,000 m² at end-June 2020, -30% year-on-year but on par with the 10-year average.
- The **vacancy rate** in Milan inner-city and semi-centre remained stable at 4.2%, but decreased on Grade A assets to 1.7% (-20 bps since end-2019).
- **Prime rents** remain stable at €600/m² in the CBD.
- Total **investment volumes** in Milan reached ~ €1.3 billion, up by 6.7% vs H1 2019 (€1.2 bn). Prime yields in Milan remain stable at 3.3% and investors have been focusing on core assets.

Milan prime rents and vacancy rates by submarkets



Covivio's activities in the first 6 months of 2020 were marked by:

- Good rental growth on a like-for-like basis (+2.0%).
- Sustained disposal activity, in line with Covivio's strategy to focus on Milan and cristalyze the value creaton realized on mature assets, with €111 m of disposals agreements mainly in Milan with a 22% margin.
- The delivery of the first building of the Sign project, a 9,300 m² redevelopment project in Milan that was fully pre-let in 2019 to Covivio's long-term partner Aon.

Source: CBRE, JLL, Colliers

2. Accounted rental income: +2.0% like-for-like growth

(€ million)	Rental income H1 2019 100%	Rental income H1 2019 Group share	Rental income H1 2020 100%	Rental income H1 2020 Group share	Change (%)	Change (%) LfL [1]	% of total
Offices - excl. Telecom Italia	49.1	49.1	43.3	43.3	-11.8%	2.8%	51%
of which Milan	*41.9*	*41.9*	*34.6*	*34.6*	*-17.3%*	*3.3%*	*41%*
Offices - Telecom Italia	44.0	22.5	40.9	20.9	-7.1%	0.5%	49%
Development portfolio	1.3	1.3	n.a	n.a	n.a	n.a	n.a
Total	**94.5**	**72.9**	**84.2**	**64.2**	**-12.0%**	**2.0%**	**100%**

[1] LfL: Like-for-Like

The portfolio performed well from a rental perspective, with +2.0% LfL rental growth. Overall, rental income decreased by €8.7 million compared to the first half of 2019 due to:

- The disposal of non-core assets mainly in 2019 (-€10.1 m).
- The like-for-like rental growth of +2.0% (+€1.2 m) thanks to the performance of Milan offices (+3.3%).
- Acquisitions realised in 2019 (+€0.2 m) and deliveries (+€2.1 m including The Sign Building A, Milan).
- Vacating for development (-€1.2 m), mainly on Via Unione in Milan CBD.
- Early termination of a retail lease on Via Dante, one the most sought-after areas in Milan (-€1.0 m).

3. Annualized rental income: €137.0 million Group share

(€ million)	Surface (m²)	Number of assets	Annualized rents 2019 Group share	Annualized rents H1 2020 100%	Annualized rents H1 2020 Group share	Change (%)	% of total
Offices - excl. Telecom Italia	374,198	57	91.6	95.3	95.3	4.0%	70%
Offices - Telecom Italia	902,609	126	45.1	81.8	41.7	-7.4%	30%
Development portfolio	158,305	10	2.9	n.a	n.a	n.a	n.a
Total	**1,435,113**	**193**	**139.6**	**177.1**	**137.0**	**-1.8%**	**100%**

(€ million)	Surface (m²)	Number of assets	Annualized rents 2019 Group share	Annualized rents H1 2020 100%	Annualized rents H1 2020 Group share	Change (%)	% of total
Milan	514,585	53	83.2	91.8	84.7	1.8%	62%
Rome	68,058	12	4.7	8.7	4.7	0.0%	3%
Turin	100,778	9	6.3	8.9	7.1	12.6%	5%
North of Italy (other cities)	443,305	69	29.9	41.5	26.3	-11.8%	19%
Others	308,386	50	15.5	26.3	14.2	-8.4%	10%
Total	**1,435,113**	**193**	**139.6**	**177.1**	**137.0**	**-1.8%**	**100%**

Annualized rental income decreased by 1.8% mainly due to the disposal of non-core assets outside Milan.

4. Indexation

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

During the first half of 2020, the average monthly change in the CPI has been +0%.

5. Rental activity

(€ million)	Surface (m²)	Annualized rents H1 2020 Group share	Annualized rents H1 2020 (100%, €/m²)
Vacating	2,248	2.0	897
Lettings on operating portfolio	915	0.6	644
Lettings on development portfolio	6,420	1.0	152
Renewals	20,571	7.1	346

In the first half of 2020, around **8,000 m² of new leases** have been signed:

- 6,420 m² have been let on Corso Ferrucci in Turin.
- 1,500 m² were let or renewed in Milan.

2,250 m² were vacated during the first half of 2020 in central locations of Milan:

- Around 930 m² relate to the departure of a tenant in Milan, Via Dante, one of Milan's most sought-after retail streets.
- 1,290 m² relate to the departure of tenants in assets in Milan, including Via Dell Unione (already re-let).

In addition, **10 leases were renegotiated 20,000 m²** in the context of the Covid pandemic. Rent free periods were granted for the duration of the lockdown in exchange of lease extensions (up to 3 years). Thanks to these lease extensions, the renegotiations had a slightly positive impact on IFRS rent (+0.2%).

6. Lease expiries and occupancy rates

6.1. Lease expiries: 7.1 years of average firm lease term

(€ million Group share)	By lease end date (1st break)	% of total	By lease end date	% of total
2020	13	9%	10	7%
2021	10	8%	5	4%
2022	13	10%	15	11%
2023	6	4%	6	4%
2024	5	4%	7	5%
2025	4	3%	4	3%
2026	4	3%	8	6%
2027	9	6%	9	7%
2028	16	12%	15	11%
2029	4	3%	4	3%
Beyond	52	38%	55	40%
Total	**137**	**100%**	**137**	**100%**

The firm residual lease term remains stable and high at 7.1 years.

In 2020, the €12.8 million of lease expiries (9% of Italy office rents / 1.8% of Covivio annualized revenues) include:

- 5% are on assets to be redeveloped mainly in Milan CBD (Corso Italia).
- 2% are mainly related to break options that the tenant will not exercise.
- 2% are to be managed and related to core assets in Milan.

In 2021, the €10.4 million of lease expiries (8% of Italy Office rents / 1.4% of Covivio revenues) include:

- 6% are related to core assets in Milan CBD.
- 2% are related to non-core assets.

6.2. Occupancy rate: a high-level of 98%

(%)	2019	H1 2020
Offices - excl. Telecom Italia	98.1%	96.8%
Offices - Telecom Italia	100.0%	100.0%
Total	**98.7%**	**97.8%**

The occupancy rate of offices excluding Telecom Italia assets has decreased and stands at 96.8% (-1.3 pts compared to year-end-2019) mainly because of the release of retail tenant in Milan, Via Dante, which benefits from a location in one of Milan's most sought-after retail streets.

7. Reserves for unpaid rent

(€ million)	H1 2019	H1 2020
As % of rental income GS	1.8%	3.8%
In value [1]	1.5	2.6

[1] net provision / reversals of provision

Most of the provisions relate to high street retail tenants facing a challenging business environment due to the pandemic. Deferred payments or rent free has been agreed with 50% of tenants (usually in exchange of lease extensions) and negotiations are ongoing with the rest of them.

8. Disposal agreements: €111 M secured during H1 2020

(€ million, 100%)	Disposals (agreements as of end of 2019 closed)	Agreements as of end of 2019 to close	New disposals H1 2020	New agreements H1 2020	Total H1 2020	Margin vs 2019 value	Yield	Total Realised Disposals
	1		2	3	= 2 + 3			= 1 + 2
Milan	39	-	-	94	**94**	**27%**	**3.3%**	39
Rome	-	-	-	-	**-**	**-**	**-**	-
Other	19	15	-	33	**33**	**0%**	**4.5%**	19
Total 100%	**57**	**15**	**-**	**127**	**127**	**19%**	**3.6%**	**57**
Total Group share	**56**	**15**	**-**	**111**	**111**	**22%**	**3.5%**	**56**

In H1 2020, Covivio secured €111 million Group share of new disposal agreements. The disposals of non-core assets outside Milan are in line with Covivio's strategy to focus on the city. Covivio is also taking the most out of the asset rotation potential offered by Milan dynamism with the disposal of mature assets:

- It demonstrates Covivio's deep knowledge in redevelopment but also its ability to attract strong tenants and build a unique core portfolio.
- The +27% margin (based on end-2019 appraisal) illustrates Milan dynamic market and investors' appetite for core assets in prime locations.

9. Development pipeline: €0.8 bn of projects (€0.8 bn Group share)

Covivio has around €0.8 billion of pipeline in Italy, focused on Milan, facing high demand for new or restructured spaces. The Group has boosted its development capacity since 2015, with seven committed projects as of end June 2020, which will drive the Group's growth in the coming years.

9.1. Delivered projects

In the first half of 2020, two projects have been delivered:

- The Sign – building A in Milan (9,300 m²): the first building of the redevelopment project on Via Schievano area in Milan, fully let to Aon for their Italian headquarters.
- The last part of Corso Ferrucci project in Turin (13,700 m²) was delivered in June. The asset is now fully delivered and 90% let to multiple tenants, including NTT Data which leased 3,400 m² in the first half 2020.

9.2. Committed projects: €338 million

For detailed figures on the committed projects, see page 21 of this document.

65,100 m² are under construction in Milan, with 7 projects in the CBD of Milan and the Symbiosis and Schievano area. Thanks to the quality of the locations and of the buildings, the pre-let ratio is close to 100% on the projects to be delivered in the next 12-monts, and at 59% overall.

The projects include:

- Symbiosis Building D – 18,500m²: third building of the Symbiosis project scheduled for 2021, 35% pre-let for the future headquarters of Boehringer Ingelheim in Italy.

- Symbiosis School – 7,900 m²: a NACE Schools building, one of the six largest groups of private international schools in the world.

- The Sign B&C – 16,900 m²: redevelopment project on Via Schievano, on the South West fringes of the centre of Milan in the Navigli business district, fully pre-let to NTT Data for their Italian headquarters.

- Via Dante – 4,700 m²: renovation of a trophy building near the Piazza Duomo to host the first Wellio felx-workspace site in Milan.

- Reinventing Cities – 10,000 m²: winner of the Reinventing Cities competition with the Project "VITAE", a prestigious international tender for urban and environmental regeneration.

10. Portfolio values

10.1. Change in portfolio values

(€ million, Group share Excluding Duties)	Value 2019	Invest.	Disposals	Change in value	Transfer	Value 30/06/2020
Offices - excl. Telecom Italia	**1,823**	5	-53	-7	130	**1,898**
Offices - Telecom Italia	**721**	-	-2	-2	-	**718**
Development portfolio	**432**	35	-	-0	-130	**337**
Total strategic activities	**2,976**	**41**	**-54**	**-9**	**0**	**2,953**

The portfolio value is stable at €3.0 billion (Group share) at end-June 2020. The disposals and slight decrease in like-for-like value are partially offset by the €41 m investments, mainly in the development pipeline.

10.2. Portfolio in Milan: close to 90% of the portfolio excluding Telecom Italia

(€ million, Excluding Duties)	Value 2019 Group share	Value H1 2020 100%	Value H1 2020 Group share	LfL [1] change	Yield [2] 2019	Yield [2] H1 2020	% of total
Offices - excl. Telecom Italia	1,823	1,898	1,898	-0.4%	5.0%	5.1%	64%
Offices - Telecom Italia	721	1,407	718	-0.3%	6.2%	5.8%	24%
Development portfolio	432	337	337	0.0%	n.a.	n.a.	11%
Total	**2,976**	**3,643**	**2,953**	**-0.3%**	**5.4%**	**5.3%**	**100%**

[1] LfL: Like-for-Like
[2] Yield excluding development projects

(€ million, Excluding Duties)	Value 2019 Group share	Value H1 2020 100%	Value H1 2020 Group share	LfL [1] change	Yield [2] 2019	Yield [2] H1 2020	% of total
Milan	2,140	2,302	2,151	0.5%	4.6%	4.7%	72.8%
Turin	125	151	125	-1.8%	8.5%	6.3%	4.2%
Rome	96	179	95	-0.1%	4.9%	4.9%	3.2%
North of Italy	410	619	378	-4.1%	7.4%	7.1%	12.8%
Others	205	391	204	-0.4%	7.3%	6.7%	6.9%
Total	**2,976**	**3,643**	**2,953**	**-0.3%**	**5.4%**	**5.3%**	**100%**

[1] LfL: Like-for-Like
[2] Yield excluding development projects

Milan Offices represent close to 90% of the portfolio excl. Telecom Italia assets, stable compared to end-2019. The important share of Milan is in line with Covivio strategy to focus on the city.

- While total Milan values grew only slightly (+0.5%), fundamentals remain healthy:
  - The non-Telecom Italia Milan offices proved again their dynamism and confirmed their strong resilience (+1.1% like-for-like increase).
  - Milan values were slightly affected by the high street retail performance (-2.5%).
- Telecom Italia showed stability again (-0.3%), relying on its strong fundamentals:
  - 11 years average lease term,
  - 100% occupancy.
- Non-core office assets (outside Milan) suffered during the semester (-2.4%). Covivio is therefore focusing again on the disposal of these non-core assets.

C. GERMANY OFFICES

Since 2019, Covivio reinforced its presence in German Offices, capitalizing on its existing platform with local teams, €200 m of existing assets in Berlin and a flagship development project in Alexanderplatz.

Three acquisitions were realized in Berlin end-2019, and Covivio accelerated its strategy early 2020 by acquiring 10 office assets located in Frankfurt, Düsseldorf, Hamburg and Munich through the public offer and delisting of Godewind Immobilien AG (renamed Covivio Office AG). The acquisition, announced on February 13th, was closed on May 14th with the company's delisting. Today Covivio owns 89.3% of share capital while a 10% put option to outside shareholders was granted.

Today Covivio boasts a strong German office platform of 27 assets worth €1.7 bn (€1.4 bn Group share), located in the top 5 German cities (Berlin, Frankfurt, Düsseldorf, Hamburg and Munich).

1. German offices market: sound fundamentals in the top 7 cities[1]

- Take-up in German's top seven markets fell by 33% in H1 2020 year-on-year to 1.3 million m². In all seven cities the trend was negative for this semester: Berlin (-15%), Hamburg (-45%), Munich (-23%).
- Immediate supply remains scarce with a vacancy rate at 3.1%, having increased slightly vs 2019 (+0.2 pt).
- Future supply is also very limited with around 5 million m² under construction until 2022:
  - Pre-let ratio remains high at 60%, including 80% for the remaining 2020 deliveries.
  - Consequently, future available space until 2022 represents only 2% of the current existing stock.
- Prime rents remained stable overall but average rent grew in Berlin (+6%) and Munich (+10%).
- Investments in German offices remained stable at €8.8 bn (-1%) compared to H1 2019.

During the first half of 2020, Covivio's German offices activity was characterized by:

- **Successful integration of Godewind** portfolio and teams.
- **Appraisal value** of the portfolio at end-June **3% above the acquisition price**.
- **Financial agreement reached with WeWork for the termination of a firm lease contract** in Düsseldorf.

[1] Sources: Colliers, JLL . Top 7 cities include Berlin, Düsseldorf, Frankfurt, Cologne, Munich, Hamburg and Stuttgart.

2. Accounted rental income: +€15 m Group share in the first semester of 2020

(€ million)	Rental income H1 2019 100%	Rental income H1 2019 Group share	Rental income H1 2020 100%	Rental income H1 2020 Group share	Change (%) Group share	Change (%) LfL [1] Group share	% of rental income
Berlin	4.1	2.7	5.1	3.6		1.9%	19.6%
Frankfurt	0.0	0.0	10.6	7.0		n/a	38.0%
Düsseldorf	0.0	0.0	4.0	2.7	n.a	n/a	14.8%
Hamburg	0.1	0.1	5.5	3.7		n/a	19.9%
Munich	0.0	0.0	1.2	0.8		n/a	4.6%
Other	0.9	0.6	0.9	0.6		6.8%	3.1%
Total	**5.1**	**3.3**	**27.3**	**18.4**	**n.a**	**2.8%**	**100%**

[1] LfL: Like-for-Like

The German offices rental income grew by €15 million in Group share compared to H1 2019, thanks to the acquisition of the 10 offices portfolio. The rental income deriving from this portfolio was consolidated at 44.9% in the first quarter and at 89.3% in the second quarter following the completion of the public offer.

At a like-for-like scope, the performance of +2.8% shows the positive trend of the German office market supported by a low vacancy rate and increasing rents.

3. Annualised rents: €45.2 million Group share

3.1. Geographic breakdown

(€ million)	Surface (m²)	Number of assets	Annualised rents 2019 Group share	Annualised rents H1 2020 100%	Annualised rents H1 2020 Group share	Change Group share (%)	% of rental income
Berlin	141,086	15	5.4	10.2	7.2	32.5%	16%
Frankfurt	118,649	4	0.0	20.5	17.4	n.a	38%
Düsseldorf	68,882	2	0.0	9.1	7.7	n.a	17%
Hamburg	70,746	2	0.1	11.3	9.5	n.a	21%
Munich	37,104	2	0.0	2.7	2.3	n.a	5%
Other	21,820	2	1.1	1.9	1.2	3.5%	3%
Total	**458,287**	**27**	**6.7**	**55.8**	**45.2**	**577%**	**100%**

4. Indexation

Rents are indexed on the German consumer price index. At end-June 2020, it showed an increase of +0.9% year-one-year.

5. Rental activity

	Surface (m²)	Annualised rents H1 2020 (€m, Group share)
Vacating	6,046	0.8
Letting	17,515	3.5
Pre-letting	0	0.0
Renewals	23,990	4.7

The rental activity in H1 2020 was marked by:

- About 24,000 m² were renewed with +6 years maturity, of which around 11,000 m² on Y2 and around 6,300 m² on ComCon Center in Frankfurt.
- 17,515 m² were let during the first half of 2020, including about 5,000 m² on the Sunsquare asset in Munich.

6. Lease expiries and occupancy rate

6.1. Lease expiries: firm residual lease term of 5.1 years

(€ million)	By lease end date (1st break)	% of total	By lease end date	% of total
2020	7.2	16%	7.2	16%
2021	5.2	11%	4.5	10%
2022	4.6	10%	3.6	8%
2023	5.2	12%	3.9	9%
2024	8.1	18%	6.0	13%
2025	3.6	8%	4.0	9%
2026	2.3	5%	2.0	4%
2027	4.0	9%	2.5	6%
2028	0.4	1%	2.5	6%
2029	1.5	3%	4.6	10%
2030 beyond	3.0	7%	4.4	10%
Total	**45.2**	**100%**	**45.2**	**100%**

The firm residual duration of leases stands at 5.1 years

On the €7.2 m of expiries remaining at end-June 2020 (16% of German Office rents / 1.0% of Covivio's rents):

- 8%in Berlin, large number of small short-term leases with more that 30% of reversion potential.
- 5.5% in Hamburg, mainly on the Zeughaus, a 43,500 m² asset located in a well-established office area of Hamburg.
- 1.5% in Frankfurt and 1% in Düsseldorf.

On the €5.2 m of expiries in 2021 (11% of German Office rents / 0.7% of Covivio's rents):

- 7%in Berlin.
- 2% in Hamburg.
- 2% in Frankfurt.

6.2. Occupancy rate of 79%

(%)	H1 2020
Berlin	86.8%
Frankfurt	87.3%
Düsseldorf	57.6%
Hamburg	96.6%
Munich	49.5%
Other	98.5%
Total	**79.0%**

The occupancy rate fell to 79% at end-June, due to the financial agreement reached with WeWork for the termination their firm lease contract in Düsseldorf (21,600 m² on Herzog-Terrassen). This agreement has an impact of -12 pts on the occupancy rate.

7. Reserves for unpaid rent

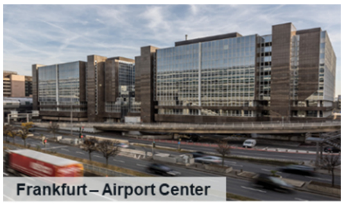
(€ million, Group share)	H1 2020
As % of rental income	0.9%
In value [1]	0.1

[1] net provision / reversals of provison

The level of unpaid rent is marginal on the German offices in H1 2020 thanks to the quality of the tenant base despite the impacts of the Covid-19.

8. Acquisition


Frankfurt - Comcom


Frankfurt – Airport Center


Frankfurt – Y2


Frankfurt – City Gate


Düsseldorf – Herzog T.


Düsseldorf – Airport Center


Hamburg – Zeughaus


Hamburg - Pentahof


Munich – Eight Dornach and Sunsquare

Early 2020, Covivio consolidated its strategic position on the dynamic German office market by acquiring 10 office assets valued at €1.2 bn (€1.1 bn in Group share). The portfolio is made up of 10 assets totalling 290,000 m² and are located in Frankfurt, Düsseldorf, Hamburg, and Munich. The acquisition was completed through the public offer and delisting of Godewind Immobilien AG (renamed Covivio Office AG). The appraisal value at end-June 2020 is 3% above the acquisition price.

9. Development pipeline: €1.3 Bn of managed projects (€0.8 Bn Group share)

Capitalizing on its development expertise and successful track record in France, Italy and Germany, Covivio is also implementing its development strategy in German offices, relying on its existing development team.

The development projects managed to date represent around €800 m Group share of estimated costs and are made up of 5 projects representing ~168,000 m². They are located essentially in Berlin (80%) and Leipzig and Munich (20%).

The target yield on cost is above 5%.

- 3 projects in Berlin:

Alexanderplatz, 60,000 m²: landmark project in the heart of Berlin on a land bank adjacent to the Park Inn hotel. The project will offer ~60,000 m² of mixed-use space (office, residential, retail) and will be delivered in 2024. The prebuilding permit was already obtained in 2019 and the project is expected to be committed around end-2020/2021.
The land bank also offers an additional 70,000 m² constructability to be exploited in the long-term.

Schöneberg district, 13,100 m²: office project expected to be completed in 2023, on an asset acquired in 2019 with significant redevelopment potential. The prebuilding permit has already been obtained.

Adlershof district, 7,700 m² : office project to begin around end-2021 or 2022, on a land bank acquired end-2019 as well.

Munich, 20,000 m²: land bank adjacent to the Munich Sunsquare asset acquired early 2020.

Leipzig, 30,000 m²: office project to build two office towers on a land bank next to the Westin hotel in Leipzig. The results of the architectural competition were released in June 2020. This project illustrates the synergies between Covivio's products, using its development expertise in offices and its local platform in Germany to extract the maximum value from its portfolio.

10. Portfolio values

10.1. Change in portfolio values

(€ million, Group share, Excluding Duties)	Value 2019	Acqu.	Invest.	Disposals	Value creation on Acquis./Disposals	Change in value	Change of scope	Value H1 2020
Berlin	228	11	26	-	0	19.6	-	283
Frankfurt	-	432	0	-	-	0.0	-	432
Düsseldorf	0	284	0	-	-	0.0	-	284
Hamburg	4	252	0	-	-	0.2	-	256
Munich	-	105	0	-	3	-2.7	-	105
Other	19	-	0	-	-	1.1	-	21
Total	**251**	**1,083**	**26**	**0**	**3**	**18**	**0**	**1,381**

The portfolio value grew by € 1,130 m since year-end 2019. The growth was fuelled by the acquisition of the 10 office assets portfolio from Godewind in February 2020.

10.2. Like-for-like portfolio evolution: +2.6% of growth

(€ million, Excluding Duties)	Value 2019 100%	Value 2019 Group share	Value H1 2020 100%	Value H1 2020 Group share	LfL [1] change	Yield 2019	Yield 2020	% of total value
Berlin	320	228	361	283	2.2%	n.a.	3.6%	21%
Frankfurt	0	0	511	432	n.a.	n.a.	4.0%	31%
Düsseldorf	0	0	336	284	3.3%	71.7%	2.7%	21%
Hamburg	6	4	304	256	6.1%	30.3%	3.7%	19%
Munich	0	0	124	105	n.a.	n.a.	2.2%	8%
Other	30	19	32	21	6.5%	0.0%	5.8%	1%
Total	**356**	**251**	**1,670**	**1,381**	**2.6%**	**n.a.**	**3.5%**	**100%**

[1] LfL: Like-for-Like

Covivio German office portfolio now reached a critical size with €1.7 bn of assets and boasts strong fundamentals:

- Strategic locations in the center of Germany top 5 cities.
- A balanced portfolio of existing assets and development projects in Berlin, Leipzig and Munich at yield-on-cost of more than 5%.
- A current valuation standing at 4,100 €/m² on existing assets, that appears still below most European office hubs, and still offers catch-up potential even more given the very preliminary stage of developments
- The like-for-like performance (+2.6%) excludes the recently acquired portfolio but gives however a good insight into the dynamism of the office platform. As for acquired assets, the portfolio value has already exceeded the acquisition price and still holds potential via the expected vacancy reduction.

D. GERMANY RESIDENTIAL

Covivio operates in the German Residential segment through its 61.7% held subsidiary Covivio Immobilien. The figures presented are expressed as 100% and as Covivio Group share. The figures presented also exclude the Germany Offices activity which is presented independently in this report (see section C).

Covivio owns around ~41,000 apartments located in Berlin, Hamburg, Dresden, Leipzig and North Rhine-Westphalia, representing €6.4 billion (€4.1 billion Group share) of assets.

1. Widening housing shortage and resilient market

In February 2020, the city of Berlin implemented a law to freeze the housing rents for five years and set rent caps on most residential units. This law is being challenged in court: on May 6, 2020, CDU/CSU and FDP members of the Federal Parliament brought legal action before the Federal Constitutional Court against this new Berlin regulation, considering that it is not compatible with the German constitution. The judicial review in ongoing with a ruling expected within 24 months.

For additional details on the application of this law and its impacts on Covivio's residential activity refer to section 2.4 of this chapter.

- **The housing shortage** continues to widen in Germany: ~400,000 new units are needed each year against 293,000 new deliveries in 2019. The situation is especially dire in Berlin, where the existing housing shortage is estimated at more than 200,000 units and where the constructions remained stable in 2019 at ~16,900 units.

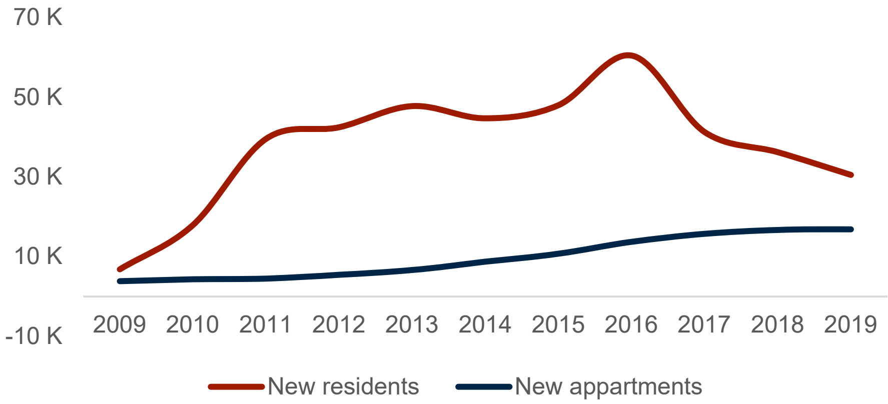
- In Berlin:
  - The average asking price on new buildings spiked by about 10% to 17.6 €/m² in H1 2020 (year-on-year). The existing buildings' asking rents grew by only +1.9% to 11.45 €/m² due to the new regulation.
  - The average asking price for new buildings rose by 4.3% to around 6,530 €/m² in H1 2020.
    On the existing buildings segment, the average asking price grew by 8.2% to 4,850 €/m², significantly above the current valuation of Covivio's portfolio (2,860 €/m² in Berlin on residential units).

- Overall, in Germany:
  - Rents have slightly risen by an average of 2.6% to 8.3€ (latest available data Q1 2020 vs. Q1 2019).
  - The average asking price grew by 14% (Q1 2020 vs Q1 2019).

- In the first half of 2020, investment volumes in the German residential market grew by +96% compared to H1 2019 to reach €12.5 bn (accounting largely for the acquisition of Adler Real Estate). Despite an overall decline in Q2 2020 (€3.2 bn below the quarterly average volume of €4.1 bn), the investments were already above the 5-year monthly average in June (€1.7 bn vs. €1.4 bn) and rising demand from investors is supporting the investment market.

Housing Gap in Berlin

Berlin's apartment construction has failed to keep pace with population growth



Sources: Europace, Guthmann real estate, BerlinHypreport

In the first half of 2020, Covivio's activities were marked by:

- A +2.9% increase in rental income on a like-for-life basis, driven by NRW, Hamburg, Dresden & Leipzig (+3.6% on average).
- +4.2% increase in values on a like-for-like basis on the overall portfolio and +2.2% increase in Berlin despite the Mietendeckel and the Covid-19's impact.

2. Accounted rental income: +2.9% at a like-for like scope

(€ million)	Rental income H1 2019 100%	Rental income H1 2019 Group share	Rental income H1 2020 100%	Rental income H1 2020 Group share	Change Group share (%)	Change Group share (%) LfL [1]	% of rental income
Berlin	58.6	37.8	59.5	38.5	1.7%	2.3%	49%
of which Residential	47.6	30.7	48.5	31.4	2.0%	2.6%	40%
of which Other commercial [2]	11.0	7.1	11.0	7.1	0.2%	0.8%	9%
Dresden & Leipzig	12.0	7.6	12.3	7.9	3.1%	3.6%	10%
Hamburg	7.9	5.2	8.1	5.3	2.3%	2.6%	7%
North Rhine-Westphalia	40.7	25.8	42.6	27.0	4.6%	3.8%	34%
Essen	*14.5*	*9.0*	*15.2*	*9.4*	*5.0%*	*3.1%*	*12%*
Duisburg	*7.4*	*4.6*	*7.6*	*4.8*	*3.2%*	*4.6%*	*6%*
Mulheim	*5.0*	*3.2*	*5.1*	*3.2*	*1.8%*	*2.8%*	*4%*
Oberhausen	*4.6*	*3.1*	*4.8*	*3.2*	*5.0%*	*4.7%*	*4%*
Other	*9.3*	*5.9*	*10.0*	*6.3*	*6.8%*	*4.3%*	*8%*
Total	**119.2**	**76.5**	**122.5**	**78.6**	**2.9%**	**2.9%**	**100%**
of which Residential	104.9	67.2	107.7	69.1	2.8%	3.3%	88%
of which Other commercial [2]	14.3	9.2	14.8	9.6	3.5%	0.7%	12%

[1] LfL: Like-for-Like

[2] Ground floor retail, car parks, etc.

Rental income amounted to €79 million Group share in H1 2020, up 2.9% (+€2.2 million) due to:

- In Berlin, the like-for-like rental growth continues to be positive at +2.3% at half-year 2020 but slowing vs previous years due to the implementation of the new regulation (Mietendeckel).
- Outside Berlin, the like-for-like rental growth was strong in all areas (+3.6% on average) mainly due to the reletting impact and driven mostly by NRW (+3.8%).
- 2019 and 2020 acquisitions (+€1.5 million).
- disposals (-€1.2 million) mainly involving the last portfolios of non-core assets in North Rhine-Westphalia and mature assets in Berlin.

3. Annualized rental income: €160 million Group share

(€ million)	Surface (m²)	Number of units	Annualized rents 2019 Group share	Annualized rents H1 2020 100%	Annualized rents H1 2020 Group share	Change Group share (%)	Average rent €/m²/month	% of rental income
Berlin	1,229,194	16,684	78.2	120.4	77.9	-0.5%	8.2 €/m²	49%
of which Residential	1,067,874	15,781	63.8	98.1	63.4	-0.7%	7.7 €/m²	39%
of which Other commercial [1]	161,320	903	14.4	22.3	14.5	0.5%	11.5 €/m²	9%
Dresden & Leipzig	320,473	5,213	15.8	25.1	16.1	2.1%	6.5 €/m²	10%
Hamburg	141,512	2,340	10.7	16.5	10.8	0.6%	9.7 €/m²	7%
North Rhine-Westphalia	1,108,947	16,656	54.6	87.1	55.1	1.1%	6.5 €/m²	34%
Essen	*384,297*	*5,611*	*19.1*	*31.0*	*19.3*	*0.9%*	*6.7 €/m²*	*12%*
Duisburg	*205,532*	*3,164*	*9.6*	*15.5*	*9.7*	*1.1%*	*6.3 €/m²*	*6%*
Mulheim	*129,853*	*2,174*	*6.5*	*10.4*	*6.6*	*0.7%*	*6.7 €/m²*	*4%*
Oberhausen	*133,414*	*1,955*	*6.5*	*9.8*	*6.6*	*1.8%*	*6.1 €/m²*	*4%*
Others	*255,851*	*3,752*	*12.8*	*20.4*	*12.9*	*1.1%*	*6.6 €/m²*	*8%*
Total	**2,800,127**	**40,893**	**159.3**	**249.1**	**159.9**	**0.4%**	**7.4 €/m²**	**100%**
of which Residential	2,587,469	39,658	140.1	219.1	140.5	0.3%	7.1 €/m²	88%
of which Other commercial [1]	212,658	1,235	19.2	30.0	19.4	1.0%	11.7 €/m²	12%

[1] Ground floor retail, car parks, etc.

The portfolio breakdown has been stable since year-end-2019, with Berlin generating around half of the rental income, through residential units and some commercial units (mainly ground floor retail).

Rental income per m² (€7.4 /m²/month on average) offers solid growth potential through reversion, especially in Hamburg (20-25%), in Dresden and Leipzig (15-20%) and in North Rhine-Westphalia (15-20%).

4. Indexation

The rental income from residential property in Germany changes according to three mechanisms:

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

In principle, rents may be increased freely.

As an exception to that unrestricted rent setting principle, cities like Hamburg, Cologne, Düsseldorf have introduced rent caps (“Mietpreisbremse”) for re-leased properties. In these cities, rents for re-leased properties cannot exceed the public rent reference (“Mietspiegel”) by more than 10%.

If construction works result in an increase in the value of the property (work amounting to more than 1/3 of new construction costs), the rent for re-let property may be increased by a maximum of 8% of the cost of the work.

In the event of complete modernisation (work amounting to more than 1/3 of new construction costs), the rent may be increased freely.

- **For current leases**:

The current rent may be increased by 15% to 20% depending on the region, however without exceeding the Mietspiegel or another rent benchmark. This increase may only be applied every three years.

- **For current leases with works carried out**:

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

- The works aim at saving energy, increase the utility value, or improve the living conditions in the long run.
- The tenant must be notified of this rent increase within three months.
- The rent may not increase by more than €3 /m² for modernisations within a 6 years-period (€2 /m² if the initial rent is below €7 /m²).

In February, the city of **Berlin implemented a new law** to freeze & cap the rents of most residential units:

- Freeze on existing rents for 5 years (i.e. until February 2025). An increase may be possible from 2022, up to the level of the inflation (about 1.3%) without exceeding the rent ceilings. Rent ceilings can be increased by the Berlin Senate in line with real wages increase two years after the law is enacted.
- Reversal of rent increases since 18 June 2019 back to the rent levels agreed as of that date, except for new leases signed subsequent to that date.
- Application of a rent cap, for reletting and current leases, defined according to the year of construction of the building and the equipment of the dwelling.
- Excessive rent above 120% of the rent ceiling to be reduced to the 120% level, adjusted for the quality of the location, probably applicable from the last quarter of 2020.
- Increase in rents in case of energetic modernization or upgrading to accessibility standards for people with reduced mobility: +€1 /m².
- Housings built after 2014, public housings and subsidized housings are excluded.

The law is being challenged in court: on May 6, 2020, CDU/CSU and FDP members of the Federal Parliament brought legal action before the Federal Constitutional Court against this new Berlin law, considering that this law is not compatible with the German constitution.

The **estimated impacts** for Covivio on the rental income will be fairly limited, as Berlin residential rents accounts for only 9% of Covivio total annualized revenue in Group share:

- Freeze of existing rents.
- Impact of rent decrease:
  - in 2020: -€1.5 m to -€1.9 m Group share.
  - in 2021: -€6.0 m vs 2020.
  - ➔ Cumulative impact representing **~1% of Covivio annualised rent** at end-June 2020.

5. Occupancy rate: a high level of 98.4%

(%)	2019	H1 2020
Berlin	98.1%	97.8%
Dresden & Leipzig	99.0%	98.6%
Hamburg	99.8%	99.8%
North Rhine-Westphalia	99.0%	99.0%
Total	**98.6%**	**98.4%**

The occupancy rate remains high, at 98.4%. It has remained above 98% since the end of 2015 and reflects the Group's very high portfolio quality and low rental risk.

6. Reserves for unpaid rent

(€ million, Group share)	H1 2019	H1 2020
As % of rental income	0.46%	1.70%
In value [1]	0.5	1.4

[1] net provision / reversals of provision

There were €1.4 m of rent mainly on ground-floor retail leases due to the impact of the Covid-19 and lockdowns.

7. Disposals and disposals agreements: €12 m with 81% margin on appraisal value

(€ million)	Disposals 2019 (agreements as of end-2019 closed)	Agreements as of end-2019 to close	New disposals H1 2020	New agreements H1 2020	Total H1 2020	Margin vs end-2019 value	Yield	Total Realized Disposals
	1		2	3	= 2 + 3			= 1 + 2
Berlin	9	0.3	9	9	18	81%	0.9%	18
Dresden & Leipzig	-	-	0	0	0	0%	0.0%	0
Hamburg	-	-	-	0	-	-	-	-
North Rhine-Westphalia	2	0.7	1	1	1	87%	1.4%	2
Total 100%	**11**	**1**	**10**	**9**	**19**	**81%**	**0.9%**	**21**
Total Group share	**7**	**1**	**6**	**6**	**12**	**81%**	**0.9%**	**13**

In the first half of 2020, Covivio sold assets for 12 M€, essentially privatized units in Berlin.

- Privatizations: In the first half of 2020, Covivio privatized 52 units almost entirely in Berlin for €18 million (€12 million Group share) for 81% margin. These privatizations at around €4,400 /m² reflect the highly unbalanced momentum in Berlin (demand vs supply and new construction).

8. Acquisitions: €11 M realized in H1 2020

(€ million, Including Duties)	Surface (m²)	Number of units	Acquisitions H1 2020 realised		
			Acq. price 100%	Acq. price Group share	Gross yield
Berlin	1,391	28	3	2	3.5%
Dresden & Leipzig	3,174	31	7	5	4.5%
Hamburg	-	-	-	-	-
North Rhine-Westphalia	-	-	-	-	-
Total	**4,565**	**59**	**11**	**7**	**4.2%**

In the first half of 2020, Covivio closed 2 residential deals for €11 million (€7 million Group Share).

- 1 transaction in Dresden of 31 units at €2 350 /m² with no vacancy and a potential of rent increase of 30%.
- 1 transaction in Berlin of 28 units at €2 450 /m². This transaction also includes a land bank of 1 600 m² bought at €675 /m² on which 24 units may be developed.

9. Development projects: €0.8 bn pipeline

In response to the supply/demand imbalance in new housing in Berlin, Covivio launched a residential development pipeline in 2017. A total of €790 million has been identified for new housing extensions, redevelopments, and new construction projects.

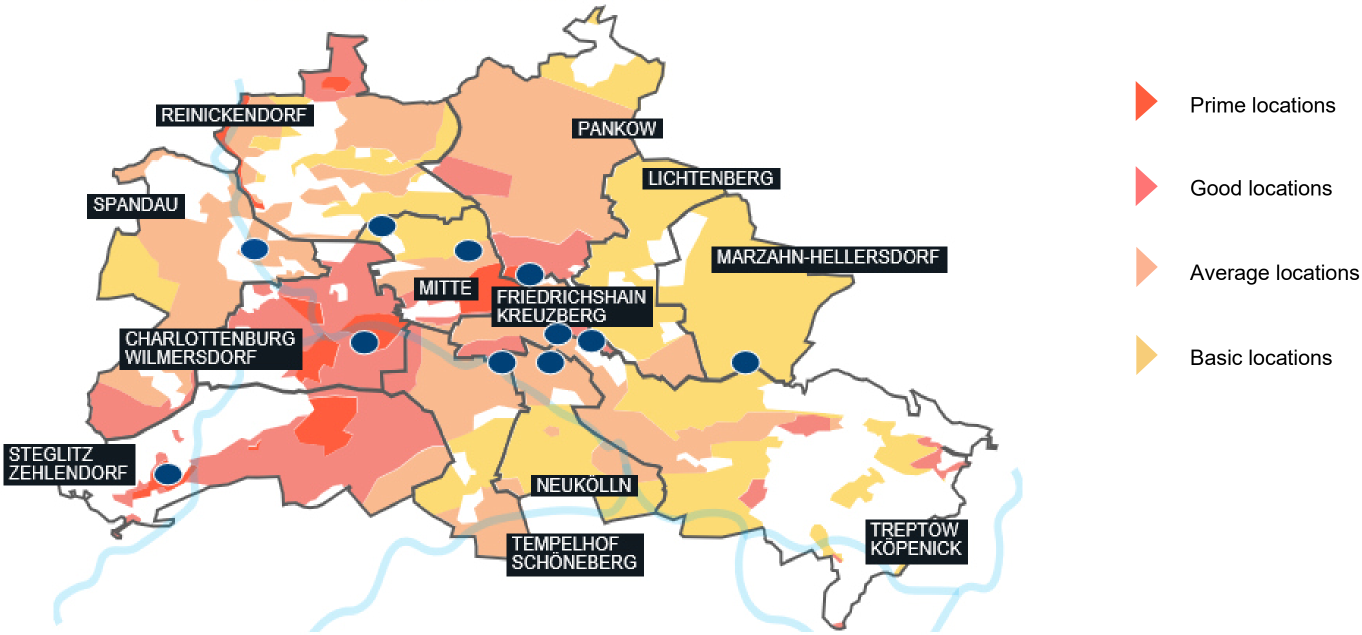
This pipeline will enable Covivio to maximise value creation in its portfolio. Part of the units developed will remain in the portfolio and will be let with a yield on cost of around 5%. The other part will be sold in order to unlock the value creation with an expected margin above 40%.

9.1 Committed projects: €256 million (€166 million Group share)

For detailed figures on the committed projects, see page 21 of this document.

891 units are committed, primarily in Berlin, and developed at a cost of €3,964 /m², with a 4.8% yield on cost on units to be let and a target margin of 45% on units to be sold.

Covivio development projects in Berlin



9.2 Managed projects: ~€530 million of projects (~€377 million Group share)

In all, 44 additional development projects have already been identified, representing about €530 million in developments. They mainly consist of construction projects in the centre of Berlin for more than 3,200 new housing units on around 235,000 m².

11. Portfolio values

10.1. Change in portfolio value: 4.1% growth

(€ million, Group share, Excluding Duties)	Value 2019	Acqu.	Invest.	Disposals	Value creation on Acquis./Disposals	Change in value	Change of scope	Value H1 2020
Berlin	2,261	3	11	-9	2	37	-1	2,303
Dresden & Leipzig	377	5	3	-	0	23	-	407
Hamburg	293	-	3	-	-	14	-	310
North Rhine-Westphalia	1,031	-	10	-0	0	62	-	1,103
Total	**3,962**	**8**	**27**	**-10**	**2**	**135**	**-1**	**4,123**

In the first half of 2020, the portfolio's value increased by 4.1% to stand at €4.1 billion Group share. This growth was driven by the like-for-like increase in value (€137 million or 84% of the growth).

10.2. Change on like-for-like basis: +4.2% growth

(€ million, Excluding Duties)	Value 2019 Group share	Surface 100% in m²	Value 2020 100%	Value 2020 in €/m²	Value 2020 Group share	LfL [1] change	Yield 2019	Yield H1 2020	% of total value
Berlin	2,261	1,229,194	3,562	2,898	2,303	2.2%	3.5%	3.4%	56%
of which Residential	1,934	1,067,874	3,055	2,861	1,974	2.4%	3.3%	3.2%	48%
of which Other commercial [2]	327	161,320	506	3,140	329	0.9%	4.4%	4.4%	8%
Dresden & Leipzig	377	320,473	636	1,985	407	6.8%	4.2%	3.9%	10%
Hamburg	293	141,512	474	3,347	310	5.8%	3.7%	3.5%	8%
North Rhine-Westphalia	1,031	1,108,947	1,743	1,572	1,103	7.0%	5.3%	5.0%	27%
Essen	381	384,297	663	1,726	413	8.4%	5.0%	4.7%	10%
Duisburg	167	205,532	286	1,394	179	7.4%	5.8%	5.4%	4%
Mulheim	118	129,853	198	1,524	126	6.4%	5.5%	5.2%	3%
Oberhausen	103	133,414	158	1,183	107	4.0%	6.4%	6.2%	3%
Other	263	255,851	438	1,710	279	6.2%	4.9%	4.7%	7%
Total	**3,962**	**2,800,127**	**6,414**	**2,291**	**4,123**	**4.2%**	**4.0%**	**3.9%**	**100%**
of which Residential	3,542	2,587,469	5,752	2,223	3,694	4.4%	4.0%	3.8%	90%
of which Other commercial [2]	420	212,658	662	3,115	429	2.1%	4.6%	4.5%	10%

[1] LfL: Like-for-Like

[2] Ground floor retail, car parks, etc.

Covivio's residential portfolio in Germany is valued at €2,223 /m² on average, offering significant growth potential, especially in Berlin where the current valuation of the residential units stands at €2,860 /m², significantly below the average asking price of condominiums (€4,850/m² at June-2020).

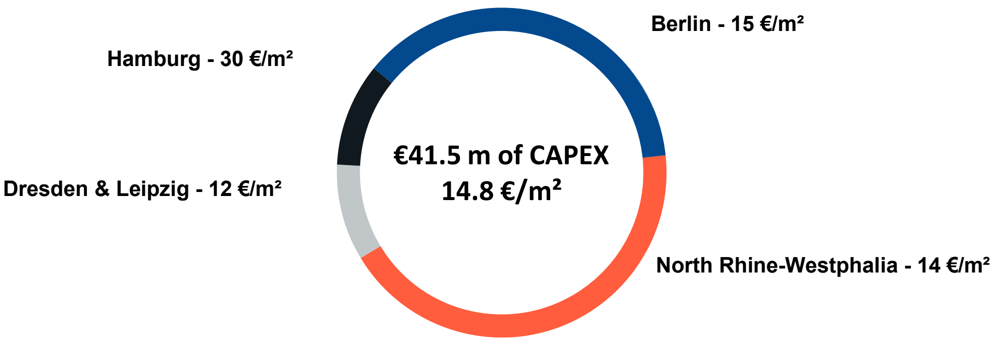
In the first half of 2020, values increased by +4.2% on a like-for-like basis since year-end-2019 which represents yet another dynamic period of growth:

- +2.2% in Berlin after excellent performance in 2019 (+11%), mainly due to the increase in values in highly sought-after locations despite the impact of the Covid-19. The Mietendeckel impact still does not stop the values from growing given the strong Berlin market fundamentals.
- Hamburg (+5.8%) and Dresden and Leipzig (+6.8%) generated good performance and growth in value and rental income.
- The increase in values in North Rhine-Westphalia (+7.0% vs. +4.6% in H1 2019) shows the improved quality of the portfolio, following the modernization and non-core asset disposal programmes.

12. Maintenance and modernisation CAPEX

In the first half 2020, €42 million in CAPEX (€14.8 /m²) and €8.5 million in Opex (€3.0 /m²) were realised, in line with the Capex spent in H1 2019.

Modernisation CAPEX, used to improve asset quality and increase rental income, accounts for 50% of the total. In Berlin, the modernization CAPEX was reduced by 11% in €/m² compared to H1 2019 due to the new regulation.



E. HOTELS IN EUROPE

Covivio Hotels, a subsidiary of Covivio held at 43.3% at half-year 2020, is a listed property investment company (SIIC) and leading real estate player in Europe. It invests both in hotels under lease and hotel operating properties.

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

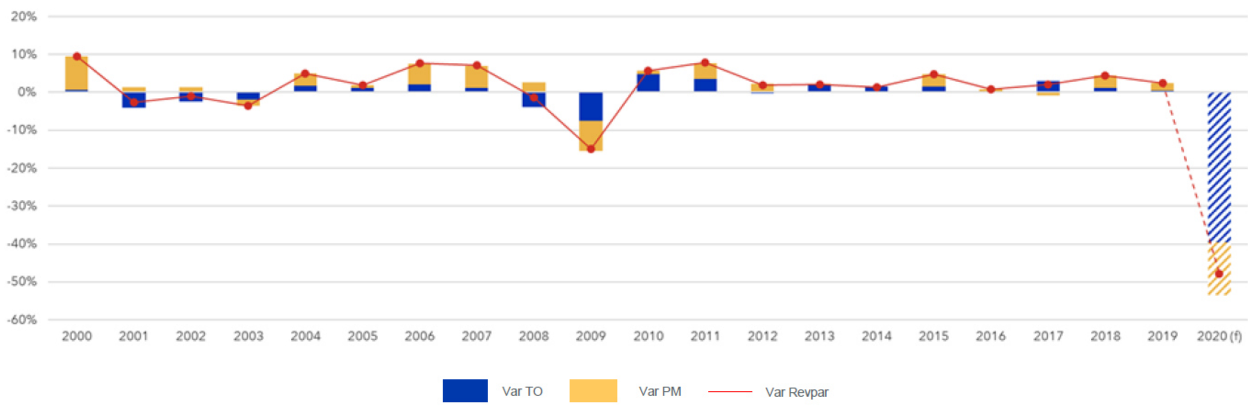
Covivio owns a high-quality hotel portfolio worth €6.2 billion (€2.4 billion in Group share) and focused on major European cities let or operated by 15 major hotel operators such as AccorInvest, B&B, IHG, NH Hotels, etc. This portfolio offers geographic and tenant diversification (across 9 Western European countries) and asset management possibilities via different ownership methods (hotel lease and hotel operating properties).

1. Market: an unprecedented crisis

After a positive year in 2019 (+2.7% in RevPar) for the European hotel market, the Covid-19 outbreak deeply impacted the beginning of 2020. The different lockdown measures and travel restrictions forced many European hotels to close.

- Serious implications of lockdown and travel restrictions across Europe from the month of March to June
- Revenue per available room (RevPar) in Europe fell by -57%[1], driven by a decline in occupancy rate (-36.6 pts). An even further drop of -95% was recorded during April and May

RevPar evolution since 2000
(Source: MKG / Olakala)



In the first half of 2020, Covivio's hotel activity was strongly impacted by the Covid-19 outbreak:

- At the peak of the crisis, only 22% of the hotel portfolio was open[2]. Since then, the easing of lockdown measures enabled hotels to reopen progressively. As of June 30th, 65% of the portfolio is open but occupancy rates remain limited (between 10% and 20%).

- As a long-term partner of major hotel companies, Covivio accompanied its hotel operators by reaching agreements with 8 hotel operators (on lease contracts) in order to:
  - ✓ Help them get through the crisis by granting payment facilities to relieve their cash
  - ✓ Secure lease length: the total lease duration extended to 14.7 years thanks to an agreement reached with 8 hotels operators including an extension of 3.9 years on average
  - ✓ Limit P&L impact: €-0.2 m IFRS rent Group share
  - ✓ Protect the value of the assets

- LfL values decreased by only -3.1%, thanks to the quality of the portfolio located for 87% in major regional cities and to the agreements secured with the hotel operators.

[1] MKG Data as of end of May 2020
[2] Based on the number of rooms

Sources: UNTWO, MKG, CBRE

Assets not wholly owned by Covivio Hotels include:

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

2. Recognised revenues: -51% on a like-for-like basis

(€ million)	Revenues H1 2019 100%	Revenues H1 2019 Group share	Revenues H1 2020 100%	Revenues H1 2020 Group share	Change (%) Group share	Change Group share (%) LfL [1]
Hotel Lease properties (Variable rents)	29.5	12.8	9.7	4.2	-67%	-67%
Hotel Lease properties (Rents) - UK	22.1	9.5	0.0	0.0	-100%	-100%
Hotel Lease properties - Others	66.1	23.8	60.1	22.9	-4%	-2%
Hotel Operating properties (EBITDA)	31.2	13.0	3.3	1.4	-89%	-78%
Total revenues Hotels	**148.9**	**59.1**	**73.1**	**28.5**	**-52%**	**-51%**

[1] LfL: Like-for-Like

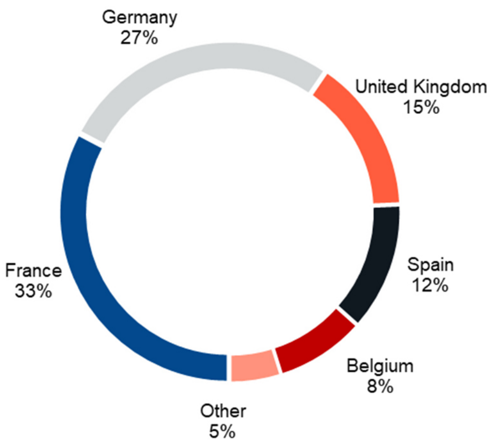
Hotel revenue decreases by €30.6 million Group share compared to 2019, due to:

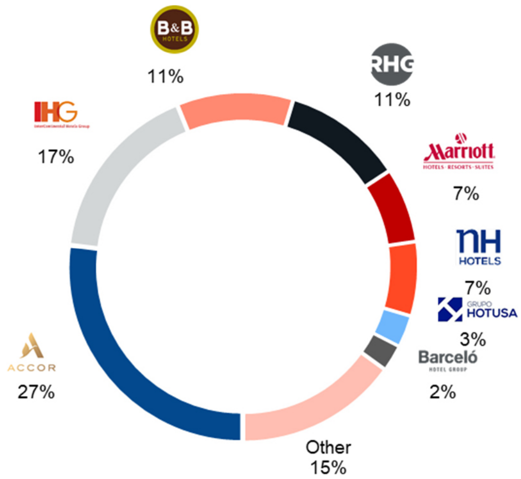
- **Leased hotels:**
  - The **AccorInvest hotel portfolio** (24% of the hotel portfolio), which are indexed on hotels turnover degraded by 66% compared to half-2019, due to the complete shutdown of a large part of the hotel properties from mid-March until the end of May. These midscale and economy hotels are located in France and Belgium.
  - **Hotels located in the UK** (15% of the hotel portfolio), leased to IHG were directly impacted by the administrative closure of hotels from March 25th to July 4th in Great Britain and July 15th in Scotland. Only 4 of the 12 hotels owned by Covivio are expected to reopen in July. These exceptional events and major loss in turnover for the hotels should trigger an underperformance (MAC) clause included in this contract. This clause reduces the rent when the loss of the NOI of the hotels is higher than 1/3 of the annual rent. Notwithstanding €10 million of rents received in Q1 and considering the performances expectations of this portfolio, Covivio has decided not to account for any rent on this portfolio as of end-June 2020.
  - **Other leases:** agreements with operators enabled to limit the decrease to €-0,2 million. This decrease is also explained by a transition period between two tenants for a hotel in Madrid.

- **Operating hotels**: mainly located in Germany and in the North of France. The majority of the hotels were closed during the lockdown and lost consequently 78% of EBITDA compared to half-2019. The first semester also includes a €3.2 million reversal of provisions made on past accounting periods given the signature of an amendment to the management contract of the Pullman Roissy Airport hotel.
- **Disposals**, both in 2019 and 2020, including the B&B Portfolio in France (€-1.7 million) and in Germany (€-0.4 million)
- **Acquisitions** in 2019 of B&B hotels in Poland (+€0.3 million)
- **Delivery** of 2 Meininger hotels in France (+€0.9 million) and one in Germany (+€0.2 million).

3. Annualised revenue: 125.7 M€ Group share

3.1. Breakdown by operators and by country (based on 2019 revenues)





4. Indexation

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

5. Lease expiries: 14.7 years of firm residual lease term

(€ million, Group share)	By lease end date (1st break)	% of total	By lease end date	% of total
2020	0	0%	0	0%
2021	1	2%	0	0%
2022	2	3%	0	0%
2023	5	5%	2	2%
2024	1	1%	1	1%
2025	2	2%	2	3%
2026	0	0%	0	0%
2027	1	1%	1	1%
2028	0	0%	0	0%
2029	14	15%	15	16%
Beyond	68	72%	74	78%
Total Hotels in lease	**95**	**100%**	**95**	**100%**

The firm lease duration reached a record high at 14.7 years (+1 year vs end-2019), thanks to agreements reached with 8 hotel operators including lease extension of 3.9 years on average (AccorInvest, B&B, NH, Barcelo, MotelOne, Meininger, Melia, HCI).

The occupancy rate remained at 100% on the hotels in leases.

6. Reserves for unpaid rent

At end-June 2020, no additional amounts were set aside for unpaid rents in the portfolio.

7. Disposals and disposal agreements: €24M of new commitments

(€ million)	Disposals (agreements as of end of 2019 closed) 1	Agreements as of end of 2019 to close	New disposals H1 2020 2	New agreements H1 2020 3	Total H1 2020 = 2 + 3	Margin vs 2019 value	Yield	Total Realised Disposals = 1 + 2
Hotel Lease properties	120	13	0	24	**24**	15.6%	6.5%	120
Total Hotels - 100%	**120**	**13**	**0**	**24**	**24**	**15.6%**	**6.5%**	**120**
Total Hotels - Group share	**47**	**5**	**0**	**11**	**11**	**15.6%**	**6.5%**	**47**

Covivio continued its policy of rotating assets with €24 million (€11 million Group share) of new commitments in the first half of 2020 with an average margin of 15.6% on last appraisal values.

Covivio secured the disposal of one hotel located in Spain for €22 million (€9.4 million Group share) and a 6.4% yield. The effective transfer of asset is expected in 2021.

In addition, €120 million (€47 million Group share) of B&B hotels disposals signed in 2019 were realised during the first half-year. The latter mainly consists of 11 B&B hotels in Germany, sold at a yield of 4.2% and with a 39% margin.

8. Acquisitions

No acquisition was realized during the first half of 2020.

As a reminder, at year-end 2019, Covivio signed an agreement for the acquisition of 8 hotels located in Rome, Venice, Florence, Prague, and Budapest for €573 million. This 1,115 room-portfolio of high-end hotels, the majority of which hold 5-star-ratings in prime locations, include several iconic hotels such as the Palazzo Naiadi in Rome, the Carlo IV in Prague, the Plaza in Nice and the NY Palace in Budapest. Initially planned for April 2020, the operation was postponed to September 2020 under the same conditions. In parallel, Covivio and NH Hotel Group signed a long-term triple net lease of 15 years firm.

9. Development project

Covivio continues to support the development of B&B, with one more hotel in construction in Greater Paris (Bagnolet), with 108 rooms for a total cost of €8 million (€2 million Group share). The asset is scheduled to be delivered in September 2020.

10. Portfolio values

10.1. Change in portfolio values

(€ million, Excluding Duties, Group share)	Value 2019	Acquis.	Invest.	Disposals	Change in value	Others	Value H1 2020
Hotels - Lease properties	1,975	-	2	-47	-57	-9	**1,864**
Hotels - Operating properties	536	-	7	-	-18	1	**526**
Assets under development	2	-	-	-	0	0	**2**
Total Hotels	**2,513**	**-**	**9**	**-47**	**-75**	**-8**	**2,392**

At the end of June 2020, the portfolio reached €2.4 billion Group share, down by €121 m compared to year end 2019, mainly due to the like-for-like value impact (-€75 m) and of the disposals of the B&B hotels (-€47m).

10.2. Change on like-for-like basis: -3.1%

(€ million, Excluding Duties)	Value 2019 Group share	Value H1 2020 100%	Value H1 2020 Group share	LfL [1] change	Yield [2] 2019	Yield [3] H1 2020	% of total value
France	**724**	**2,253**	**709**	**-2.6%**	**4.9%**	**4.9%**	**30%**
Paris	318	857	312				13%
Greater Paris (excl. Paris)	139	508	136				6%
Major regional cities	171	535	168				7%
Other cities	96	353	94				4%
Germany	**319**	**640**	**274**	**-0.9%**	**4.7%**	**4.8%**	**11%**
Franckfurt	31	74	31				1%
Munich	31	49	21				1%
Berlin	31	73	31				1%
Other cities	226	445	190				8%
Belgium	**116**	**292**	**114**	**-2.3%**	**5.8%**	**6.0%**	**5%**
Brussels	36	101	35				1%
Other cities	80	191	79				3%
Spain	**289**	**664**	**287**	**-0.8%**	**5.1%**	**5.1%**	**12%**
Madrid	123	283	122				5%
Barcelona	103	237	103				4%
Other cities	62	144	62				3%
UK	**417**	**853**	**369**	**-7.6%**	**4.9%**	**5.3%**	**15%**
Other countries	**111**	**259**	**112**	**-0.3%**	**5.3%**	**5.5%**	**5%**
Total Hotel lease properties	**1,977**	**4,960**	**1,866**	**-3.0%**	**5.0%**	**5.1%**	**78%**
France	**118**	**264**	**114**	**-4.7%**	**5.3%**	**5.7%**	**5%**
Lille	50	112	48				2%
Other cities	68	152	66				3%
Germany[4]	**362**	**869**	**357**	**-2.8%**	**6.2%**	**6.5%**	**15%**
Berlin	251	607	249				10%
Dresden & Leipzig	89	208	86				4%
Other cities	22	54	22				1%
Other countries	**56**	**125**	**54**	**-4.1%**	**6.8%**	**7.0%**	**2%**
Total Hotel Operating properties	**536**	**1,258**	**526**	**-3.4%**	**6.1%**	**6.2%**	**22%**
Total Hotels	**2,513**	**6,218**	**2,392**	**-3.1%**	**5.2%**	**5.3%**	**100%**

[1] LfL : Like-for-Like

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

[3] Yields calculated on the basis of 2019 revenues

[4] Yields excluding retail surfaces in the German hotels

At the end of June 2020, Covivio held a unique hotel portfolio of €2,392 million (€6,218 million at 100%) in Europe. This strategic portfolio is characterised by:

- High-quality locations: 87% in the centre of major European cities.
- Major hotel operators with long-term leases: 15 hotel operators with 14.7 years average lease duration
- Hotels with a good profitability profile: 1.8x rent coverage in 2019

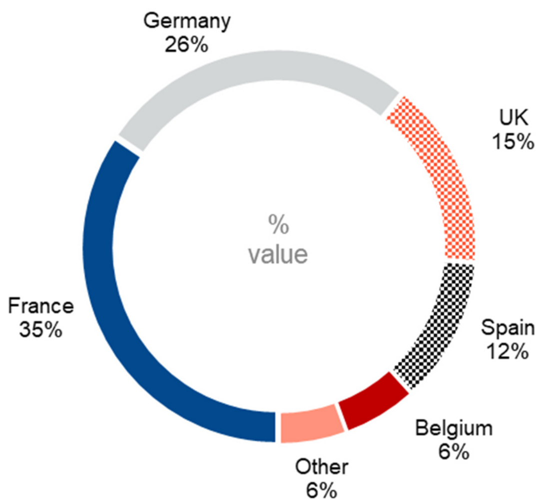
These strong operating fundamentals supported the slight LfL value decrease of -3.1%. The decrease splits between:

- Variable income assets fell by 3.3.% due to rents fully based on hotel turnover and hence strongly impacted for the next couple of years:
  - -3.3% on the AccorInvest portfolio located in France and Belgium,
  - -2.8% on operating assets in Germany.

- Fixed leased hotels: value remained relatively stable (-0.8%) mainly thanks to the negotiated extension of the leases' duration which supports the value of the assets for a longer period.

- UK portfolio: -7.6% on these 12 assets leased to IHG. Due to the longer lockdown period and impact on the rent forecasts.

Portfolio breakdown by value and geography



87% in major European cities

3. FINANCIAL INFORMATION AND COMMENTS

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

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

CONSOLIDATED ACCOUNTS

3.1. Scope of consolidation

On 30th June 2020, Covivio's scope of consolidation included companies located in France and several European countries. The main equity interests in the fully consolidated but not wholly owned companies are the following:

Subsidiaries	30-June-2020
Covivio Hotels	43.3%
Covivio Immobilien	61.7%
Covivio Office AG (Godewind)	89.3%
Sicaf (Telecom Italia portfolio)	51.0%
OPCI CB 21 (CB 21 Tower)	75.0%
Fédérimmo (Carré Suffren)	60.0%
SCI Latécoëre (DS Campus)	50.1%
SCI Latécoëre 2 (DS Campus extension)	50.1%
SCI 15 rue des Cuirassiers (Silex 1)	50.1%
SCI 9 rue des Cuirassiers (Silex 2)	50.1%
Sas 6 Rue Fructidor (So Pop)	50.1%
SCI 11, Place de l'Europe (Campus Eiffage)	50.1%
SCI N2 Batignolles (Paris N2)	50.0%

3.2. Accounting principles

The consolidated financial statements have been prepared in accordance with the international accounting standards issued by the IASB (International Accounting Standards Board) and adopted by the European Union on the date of preparation. These standards include the IFRS (International Financial Reporting Standards), as well as their interpretations. The financial statements were approved by the Board of Directors on 21st July 2020.

3.3. Simplified income statement - Group share

(€ million, Group share)	H1 2019	H1 2020	var.	%
Net rental income	293.7	268.0	-25.7	-8.7%
EBITDA from hotel operating activity & flex-office	15.5	4.7	-10.8	-69.6%
Income from other activities (incl. Property development)	8.5	7.2	-1.3	-15.3%
Net revenue	**317.7**	**279.9**	**-37.7**	**-11.9%**
Net operating costs	-36.8	-38.9	-2.1	+5.6%
Amortizations of operating assets	-19.5	-19.8	-0.3	+1.5%
Net change in provisions and other	3.5	2.3	-1.2	n.a
Current operating income	**264.8**	**223.5**	**-41.3**	**-15.6%**
Net income from inventory properties	-2.9	-0.1	+2.8	n.a
Income from value adjustments	371.9	142.8	-229.1	n.a
Income from asset disposals	-1.4	-6.2	-4.8	n.a
Income from disposal of securities	2.5	-0.1	-2.6	n.a
Income from changes in scope & other	-3.9	-12.0	-8.2	n.a
Operating income	**631.1**	**347.9**	**-283.2**	**-44.9%**
Cost of net financial debt	-65.0	-50.8	+14.2	-21.9%
Interest charges linked to financial lease liability	-3.2	-3.3	-0.1	+3.7%
Value adjustment on derivatives	-147.3	-66.8	+80.6	n.a
Discounting of liabilities-receivables, and Result of change	-0.8	-0.2	+0.6	-73.6%
Early amortization of borrowings' cost	-3.8	-0.3	+3.5	-93.1%
Share in earnings of affiliates	0.7	-1.7	-2.4	-342.4%
Income from continuing operations	**411.6**	**224.8**	**-186.9**	**-45.4%**
Deferred tax	-47.7	-23.4	+24.3	-50.9%
Corporate income tax	-8.9	-7.3	+1.6	-18.2%
Net income for the period	**355.1**	**194.2**	**-160.9**	**-45.3%**

▶ -12% decrease in net revenue

Net rental income in Group share decreased mainly due to the Hotels activities.

(€ million, Group share)	H1 2019	H1 2020	var.	%
France Offices	106.3	96.8	-9.5	-8.9%
Italy Offices (incl. retail)	65.1	55.1	-10.0	-15.4%
German Residential	72.3	74.7	+2.4	+3.4%
Hotels in Europe (incl. retail)	48.1	28.1	-20.0	-41.6%
German Offices	0.0	13.3	+13.3	n.a.
Other (incl. France Residential)	1.8	0.0	-1.8	-100.0%
Total Net rental income	**293.7**	**268.0**	**-25.7**	**-8.7%**
EBITDA from hotel operating activity & flex-office	15.5	4.7	-10.9	-70.3%
Income from other activities	8.5	7.2	-1.3	n.a.
Net revenue	**317.7**	**279.9**	**-37.7**	**-11.9%**

France Offices: decrease mainly due to the sale of assets in 2019.

Italy Offices: decrease due to the disposals in secondary locations outside Milan and non-strategic retail assets in 2019.

Germany Offices: €13.3 m of additional net rental income on the new German activity, driven mainly by the acquired portfolio.

German Residential: increase driven by rental growth (+€3 million) partly offset by disposals of assets (-€1 million).

Hotels in Europe: activity significantly hit by the coronavirus crisis, with a €20 million drop in revenues.

- **EBITDA from the hotel operating activity and flex-office:** €4.7 million contains flex-office activity (€3.2 million of EBITDA), and hotel operating activity (€1.4 million). EBITDA from flex activity increases slightly thanks to the ramp up of this activity, while hotel operating activities declined significantly (-89%) because of the Hotels closure during general lockdowns.

- **Income from other activities:** net income from other activities comes from the income generated by car park companies (€2 million) and property development activity (€5 million).
The decrease of -€1.3 million is mainly due to car park activity which has been impacted by the lockdown.

- **Net operating costs:** -€38.9 million including +€12.3 m of property management fees.
Net operating costs increase (+5.6%) under the effect of:
  - the integration of the former Godewind teams in German offices
  - a decrease of staff costs on the other activities
  - a decrease of property fees re-invoicing, following the fees on the disposal of the B&B assets in 2019

- **Amortization of operating assets:**
Note that this item includes the amortization linked to the right of use according to the standard IFRS 16. This amortization of right of use is mainly related to the owner-occupied buildings and headquarters.

- **Net change in provision and other:**
Before application of the standard IFRS 16, ground lease expenses and ground lease recharge were reported inside the net rental income. Because of the application of IFRS16-Leases, there is no longer ground lease expense (this expense is replaced by interests charge), therefore the ground lease recharge is reported in the caption "Net change in provision and other" so as to not increase artificially the Net rental income.

- **Net income from inventory properties:**
This item refers to the trading activity mainly in Italy.

- **Income from asset disposals & disposal of securities:**
Income from asset disposals (in asset or share transactions) contributed -€6.2 million during the year. This loss is mainly due to a guarantee to pay in connection with a sale of retail asset made in 2018, in connection with the impacts of the lockdown.

- **Change in the fair value of assets:**

  The income statement recognizes changes in the fair value (+€155 million) of assets based on appraisals conducted on the portfolio.

  This line item does not include the change in fair value of assets recognized at amortized cost under IFRS but are taken into account in the EPRA NAV calculation (hotel operating properties, flex-office assets and other own-occupied buildings).

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

- **Income from changes in scope and other:**

  This item negatively impacted the income statement by -€12 million. It includes costs linked to the acquisition a German offices, listed company.

- **Cost of net financial debt:**
The cost of net financial debt decreased thanks to the continuous debt restructuring efforts. This line was impacted last year by €11.5 million of early reimbursement, while this year these costs are equal to €4.8 million.

- **Interest charges linked to finance lease liability:**
The Group rents some lands. According to the IFRS 16 standards, such rental costs are stated as interest charges. The interest charges mainly refer to Hotel activity -€2.8 million.

- **Value adjustment on derivatives:**

  The fair value of financial instruments (hedging instruments and ORNANE) was negatively impacted by decreasing interest rates. For the first half year of 2020, the P&L impact is a charge of -€67 million while first half year 2019 it was -€147 million.

Share of income of equity affiliates

Group share	% interest	Contribution to earnings (€million)	Value H1 2020	Change in equity value (%)
OPCI Covivio Hotels	8.60%	0.5	36.9	-7.5%
Lénovilla (New Vélizy)	50.10%	2.6	59.6	-1.2%
Euromed	50.00%	1.7	50.1	0.4%
Cœur d'Orly	50.00%	1.0	27.8	-6.7%
Bordeaux Armagnac (Orianz / Factor E)	34.69%	0.9	14.7	5.8%
Phoenix (Hotels)	14.40%	0.4	47.1	-4.5%
Other equity interests		0.0	13.0	-6.5%
Total		**7.1**	**249.2**	-3.1%

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

- OPCI Covivio Hotels: two hotel portfolios, Campanile (32 hotels) and AccorHotels (39 hotels) owned at 80% by Crédit Agricole Assurances.
- Lénovilla: the New Vélizy campus (47,000 m²), let to Thalès and co-owned with Crédit Agricole Assurances.
- Euromed in Marseille: two office buildings (Astrolabe and Calypso) and a hotel (Golden Tulip) in partnership with Crédit Agricole Assurances.
- Coeur d'Orly in Greater Paris: one building (Askia) and development project for new offices in the business district of Orly airport in partnership with ADP.
- Bordeaux Armagnac: development project delivered in 2019 in partnership with Icade of three buildings near the new high-speed train station. Covivio will retain one building at 100% in the course of the second half 2020.
- Phoenix hotel portfolio: 32% stake held by Covivio Hotels in a portfolio of 32 Accor Invest hotels in France & Belgium.

Taxes

The corporate income tax corresponds to the tax on:

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

Corporate income tax amounted to -€7.3 million, including taxes on sales (-€5.9 million).

EPRA Earnings decreased by -12.4% to €192.4 million (-€27.3 million vs H1 2019)

	Net income Group share	Restatements	EPRA E. H1 2020	EPRA E. H1 2019	Change
Net rental income	**268.0**	**2.7**	**270.7**	**296.4**	**-8.7%**
EBITDA from hotel operating activity & flex-office	4.7	0.7	5.4	16.2	-66.7%
Income from other activities (incl. Property development)	7.2	0.3	7.5	8.8	-14.8%
Net revenue	**279.9**	**3.7**	**283.6**	**321.4**	**-11.8%**
Net operating costs	-38.9	-	-38.9	-36.8	5.6%
Amortizations of operating assets	-19.8	8.4	-11.4	-10.7	6.4%
Net change in provisions and other	2.3	-1.4	0.9	2.2	-58.7%
Operating income	**223.5**	**10.7**	**234.2**	**276.0**	**-15.1%**
Net income from inventory properties	-0.1	0.1	0.0	**0.0**	n.a
Income from asset disposals	-6.2	6.2	0.0	**0.0**	n.a
Income from value adjustments	142.8	-142.8	0.0	**0.0**	n.a
Income from disposal of securities	-0.1	0.1	0.0	**0.0**	n.a
Income from changes in scope & other	-12.0	12.0	0.0	**0.0**	n.a
Operating result	**347.9**	**-113.6**	**234.2**	**276.1**	**-15.2%**
Cost of net financial debt	**-50.8**	**4.8**	**-46.0**	**-53.5**	**-14.0%**
Interest charges linked to finance lease liability	-3.3	2.0	-1.3	-1.2	4.7%
Value adjustment on derivatives	-66.8	66.8	0.0	0.0	n.a
Discounting of liabilities-receivables and Foreign Exchange Result	-0.2	-	-0.2	-0.8	-75.0%
Early amortization of borrowings' costs	-0.3	0.3	0.0	-0.4	n.a
Share in earnings of affiliates	-1.7	8.9	7.1	6.0	18.3%
Pre-tax net income	**224.8**	**-31.0**	**193.8**	**226.2**	**-14.3%**
Deferred tax	-23.4	23.4	0	0.0	n.a
Corporate income tax	-7.3	5.9	-1.4	-6.5	-78.3%
Net income for the period	**194.2**	**-1.7**	**192.4**	**219.7**	**-12.4%**
Average number of shares			*88,541,092*	*83,476,180*	
Net income per share			**2.17**	**2.63**	**-17.5%**

- The restatement on Net Revenues (+€3.7 million) concerns the effect of IFRIC 21 on property taxes, amortised over the year rather than fully taken account in the first half of 2020.
- The restatement of amortization of operating assets (+€8.4 million) offsets the real estate amortization of flex-office and hotel operating activities.
- The restatement of net change in provisions (-€1.4 million) consists of the ground lease expenses linked to the UK leasehold.
- There was an €4.8 million impact on the cost of debt due to early debt restructuring costs.
- The interest charges linked to finance lease liabilities relating to the UK leasehold, as per the IAS 40 §25 standard, (€2 million) was cancelled and replaced by the lease expenses paid (-€1.4 million). The lease expenses paid are included in the restatement of Net change in provisions and other.
- The restatement of corporate income tax (+€5.9 million) is linked to the tax on disposals.

EPRA Earnings by activity

(€ million, Group share)	France offices	Italy offices (incl. Retail)	German Residential	German offices	Hotels in lease (incl. retail)	Hotel operating properties	Corporate or non-attributable sector (incl. French resi.)	H1 2020
Net rental income	99.2	55.1	74.7	13.3	28.4	0.0	0.0	270.7
EBITDA from Hotel operating activity & flex-office	3.3	0.0	0.0	0.0	0.0	2.1	0.0	5.4
Income from other activities (incl. Property development)	3.8	0.0	0.7	0.3	0.0	0.0	2.8	7.5
Net revenue	**106.3**	**55.1**	**75.4**	**13.6**	**28.4**	**2.1**	**2.8**	**283.6**
Net operating costs	-14.6	-5.8	-12.6	-2.0	-1.2	-0.6	-2.0	-38.9
Amortization of operating assets	-3.4	-0.9	-0.9	-0.4	0.0	-1.6	-4.2	-11.4
Net change in provisions and other	3.8	-0.6	-0.5	-1.0	-1.1	0.6	-0.4	0.9
Operating result	**92.1**	**47.8**	**61.4**	**10.2**	**26.1**	**0.5**	**-3.8**	**234.2**
Cost of net financial debt	-10.8	-8.5	-11.8	-2.0	-9.5	-2.5	-0.9	-46.0
Other financial charges	-0.4	0.0	0.0	-0.2	-0.4	-0.4	-0.2	-1.5
Share in earnings of affiliates	6.3	0.0	0.0	0.0	0.9	0.0	0.0	7.1
Corporate income tax	0.1	0.0	-0.4	-0.4	-0.5	-0.2	-0.1	-1.4
EPRA Earnings	**87.4**	**39.1**	**49.3**	**7.6**	**16.6**	**-2.6**	**-5.0**	**192.4**

EPRA Earnings of affiliates

EPRA Earnings of affiliates consolidated under the equity method

(€ million, Group share)	France Offices	Hotels (in lease)	H1 2020
Net rental income	7.1	1.6	8.7
Net operating costs	-0.3	-0.3	-0.6
Amortization of operating properties	-	-	-
Cost of net financial debt	-0.6	-0.5	-1.1
Corporate income tax	-	-	-
Share in EPRA Earnings of affiliates	**6.3**	**0.9**	**7.1**

3.4. Simplified consolidated income statement (at 100%)

(€ million, 100%)	H1 2019	H1 2020	var.	%
Net rental income	443.1	392.9	-50.2	-11.3%
EBITDA from hotel operating activity & flex-office	33.7	6.6	-27.1	n.a
Income from other activities (incl. Property development)	4.6	4.2	-0.4	-9.4%
Net revenue	**481.5**	**403.7**	**-77.8**	**-16.2%**
Net operating costs	-53.7	-55.8	-2.1	+3.9%
Amortization of operating assets	-31.8	-31.9	-0.1	n.a
Net change in provisions and other	7.1	6.5	-0.6	n.a
Current operating income	**403.0**	**322.6**	**-80.4**	**-20.0%**
Net income from inventory properties	-3.4	0.1	+3.5	-102.9%
Income from asset disposals	-1.4	-6.1	-4.7	+339.2%
Income from value adjustments	588.7	164.8	-423.9	-72.0%
Income from disposal of securities	5.9	-0.1	-6.0	n.a
Income from changes in scope	-8.0	-14.2	-6.2	n.a
Operating income	**984.8**	**467.0**	**-517.8**	**-52.6%**
Income from non-consolidated companies	0.0	0.0	0.0	n.a
Cost of net financial debt	-101.5	-86.7	+14.8	-14.6%
Interest charge related to finance lease liability	-7.0	-7.1	-0.1	n.a
Value adjustment on derivatives	-190.1	-98.6	+91.5	n.a
Discounting of liabilities and receivables	-0.2	0.0	+0.2	-100.0%
Early amortization of borrowings' costs	-5.9	-0.5	+5.4	-91.5%
Share in earnings of affiliates	3.9	-5.6	-9.5	-244.7%
Income before tax	**682.6**	**268.6**	**-414.0**	**-60.6%**
Deferred tax	-69.3	-27.3	+42.0	-60.6%
Corporate income tax	-15.3	-15.9	-0.6	+4.1%
Net income for the period	**598.0**	**225.4**	**-372.6**	**-62.3%**
Non-controlling interests	-242.9	-31.1	+211.8	-87.2%
Net income for the period - Group share	**355.1**	**194.2**	**-160.9**	**-45.3%**

-€77.8 million (-16.2%) decrease in net revenue

Net revenue decreased by €77.8 million, mainly due to the decrease in Hotels activity (-€50.3 million).

(€ million, 100%)	H1 2019	H1 2020	var.	%
France Offices	121.3	111.6	-9.7	-8.0%
Italy Offices (incl. Retail)	84.8	73.4	-11.4	-13.4%
German Residential	112.8	116.6	+3.8	+3.4%
German Offices	0.0	19.1	+19.1	n.a.
Hotels in Europe (incl. Retail)	122.5	72.2	-50.3	-41.1%
Other (mainly France Residential)	1.8		-1.8	-100.0%
Total Net rental income	**443.2**	**392.9**	**-50.3**	**-11.3%**
EBITDA from hotel operating activity & flex-office	33.7	6.6	-27.1	-80.4%
Income from other activities	4.6	4.3	-0.3	-7.2%
Net revenue	**481.5**	**403.7**	**-77.8**	**-16.2%**

3.5. Simplified consolidated balance sheet (Group share)

(€ million, Group share) Assets	2019	H1 2020	Liabilities	2019	H1 2020
Investment properties	12,973	13,938			
Investment properties under development	1,131	1,199			
Other fixed assets	949	963			
Equity affiliates	257	249			
Financial assets	322	387			
Deferred tax assets	57	72			
Financial instruments	65	79	**Shareholders' equity**	**8,298**	**8,407**
Assets held for sale	239	390	Borrowings	7,842	8,769
Cash	1,155	983	Financial instruments	277	308
Inventory (Trading & Construction activities)	184	176	Deferred tax liabilities	594	665
Other	514	514	Other liabilities	835	803
Total	**17,847**	**18,952**	**Total**	**17,847**	**18,952**

Investment properties, Properties under development and Other fixed assets

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

(€ million, Group share)	2019	H1 2020	var.
France Offices	5,376	5,448	72
Italy Offices (incl. Retail)	3,041	3,014	-27
German Offices	108	1,234	n.a.
German Residential	4,134	4,301	168
Hotels in Europe (incl. Retail)	2,568	2,453	-115
Car parks (and other)	66	40	-26
Total Fixed Assets	**15,293**	**16,491**	**1,198**

The increase in **France Offices** (+€72 million) is mainly due to the investment in development capex (+€86 million) and the change in fair value (+€69 million), partly offset by the disposal of the year for (-€85 million including a mature asset in Greater Paris, Nanterre Respiro).

In Italy Offices, the change (-€27 million) is mainly due to the disposals of the year (-€54 million), the decrease in fair value (-€16 million) due to negative performance on assets outside Milan and non-strategic retail assets, offset by the capex & acquisition of the year (+€44 million).

The increase in **German Residential** (+€168 million) is mainly due to the change in fair value (+€142 million), the acquisitions, CAPEX and acquisition (+€38 million), offset by the disposal of the year (-€12 million).

The negative change in the **Hotels in Europe portfolio** (-€115 million) is mainly driven by the decrease in fair value (-€57 million), the disposal (-€48 million) and the change in foreign currency in the UK portfolio (-€21 million), offset by the CAPEX (+€16 million)

The change in the Car parks and other activities (-€26 million) is mainly due to sale of the remaining Residential French portfolio.

Assets held for sale (included in the total fixed assets above), €390 million at the end of June 2020

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

- 50 % offices in France
- 37% offices in Italy

Total Group shareholders' equity

Shareholders' equity increased from €8,298 million at the end of 2019 to €8,407 million at 30 June 2020, i.e. an increase of €109 million, mainly due to:

- income for the period: +€194 million
- the impact of the dividend distribution: -€418 million
- capital increase through the scrip dividend option chosen by 82% of the shareholders: +€343 million
- other movements including the change linked to own shares and the conversion reserve -€10 million

The issuance of 7 268 146 new shares was related to the payment of the dividend payment option in shares, chosen by 82% of shareholders (7,185,223), and the free share plan (82,923).

Deferred tax liabilities

Net deferred taxes represent €593 million in liabilities versus €537 million on 31 December 2019. This €56 million increase is mainly due to acquisition of new entities in German Offices (+€37 million) and the growth of appraisal values in Germany (+€25 million), partly offset by the change in fair value in Hotels activity (-€9 million).

3.6. Simplified consolidated balance sheet (at 100%)

(€ million, 100%) **Assets**	**2019**	**H1 2020**	**Liabilities**	**2019**	**H1 2020**
Investment properties	19,504	20,603			
Investment properties under development	1,334	1,439			
Other fixed assets	1,656	1,669			
Equity affiliates	374	359			
Financial assets	259	324	Shareholders' equity	8,298	8,407
Deferred tax assets	62	80	Non-controlling interests	4,061	4,093
Financial instruments	78	102	**Shareholders' equity**	**12,358**	**12,500**
Assets held for sale	324	462	Borrowings	10,891	11,941
Cash	1,302	1,165	Financial instruments	362	426
Inventory (Trading & Construction activity)	233	229	Deferred tax liabilities	984	1,067
Other	594	613	Other liabilities	1,124	1,111
Total	**25,720**	**27,045**	**Total**	**25,720**	**27,045**

4. FINANCIAL RESOURCES

Summary of the financial activity

Covivio is rated BBB+ stable outlook by S&P.After the annual review, S&P confirmed the rating in early May.

At end-June 2020, the Loan-to-Value ratio of Covivio stood at 41.1% close to its 40% policy, well under control thanks to active asset rotation and financial discipline with a capital increase (scrip dividend). Main effects on LTV:

- acquisition realized in German offices this semester (€1.1 bn Group share) and continued investment in the development pipeline (€162 m)
- €400 m of disposals signed this semester with 15% margin above appraisal values. Further disposals are expected in the second semester with a target of >€600 m Group share for 2020.
- the success of the dividend payment in shares, chosen by 82% of shareholders (€343 m capital increase)

The liquidity position is also strong, with €2.0 bn available at end-June on COVIVIO SA, including €1.4 bn of undrawn credit lines and €0.6 bn of cash.

To further improve its financial profile, Covivio issued a €500 million bond in May with a 10 years maturity, dedicated to refinance short term maturities. It was issued with a 1.625% coupon and was close to 5 times oversubscribed.

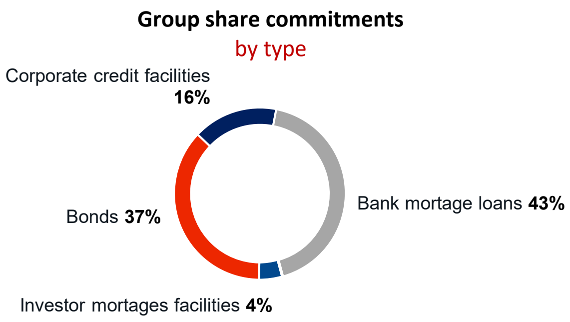
4.1. Main debt characteristics

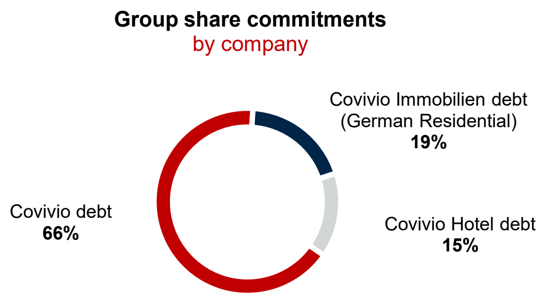
Group share	2019	H1 2020
Net debt, Group share (€ million)	6,688	**7,786**
Average annual rate of debt	1.55%	**1.31%**
Average maturity of debt (in years)	6.1	**6.1**
Debt active hedging spot rate	84%	**82%**
Average maturity of hedging	7.7	**7.3**
LTV Including Duties	38.3%	**41.1%**
ICR	5.73	**6.10**

4.2. Debt by type

Covivio's net debt stands at €7.8 billion in Group share at end June-2020 (€10.8 billion on a consolidated basis), €1.2 m higher compared to end-2019 due to the acquisition of the German office portfolio.

As regards the commitments attributable to the Group, the share of corporate debts (bonds and loans) remained stable at 54% at end-June 2020 compared to end-2019. Additionally, Covivio had €1.3 billion in commercial paper outstanding at 30 June 2020.

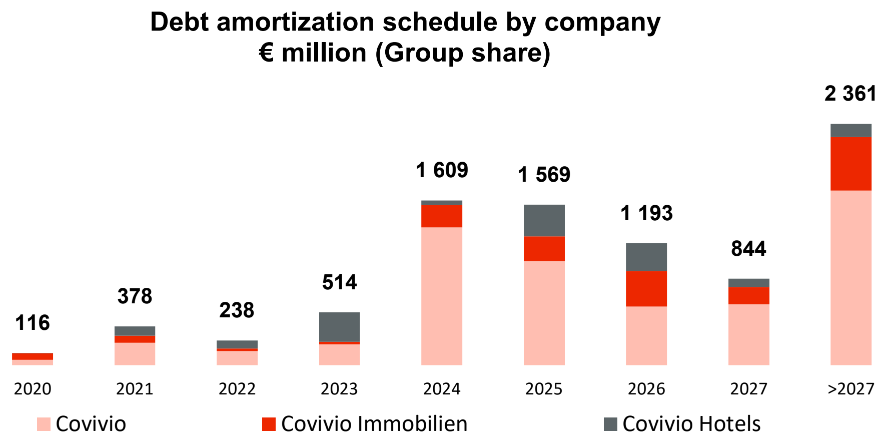




4.3. Debt maturity

The average maturity of Covivio's debt remained relatively stable at 6.1 years at end-June 2020 (excluding commercial paper). Until 2024, there is no major maturity that has not already been covered or is already under renegotiation.

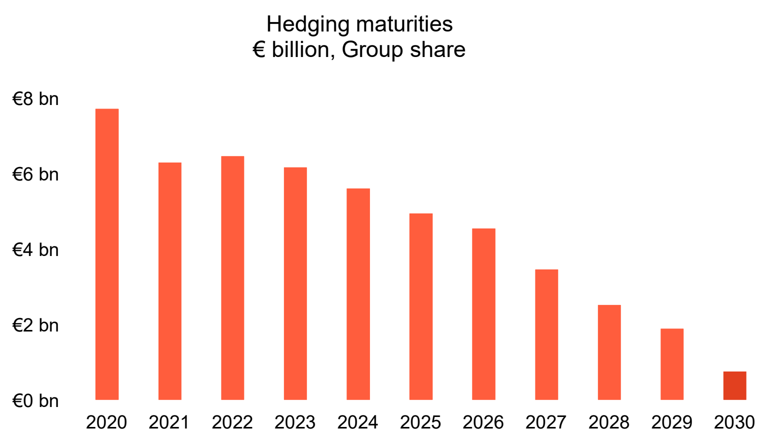
The next biggest maturities occur in 2024 and are mainly composed of a bond of €300 million (issue in 2017 with a coupon rate of 1.625%) and a mortgage debt of €285 m Group share linked to the Telecom Italia portfolio.



4.4. Hedging profile

At end-June 2020, the hedging management policy remained unchanged, with debt hedged at 90% on average over the year, at least 75% of which through short term hedges, and all of which with maturities equivalent to or exceeding the debt maturity.

Based on net debt at 30 June 2020, Covivio is hedged at 82% with an average term of the hedges of 7.3 years Group share.



4.5. Average interest rate on the debt and sensitivity

The average interest rate on Covivio's debt decreased significantly by 24 bps at 1.31% in Group share. For information purposes, an increase of 25 basis points in the three-month Euribor rate would have a negative impact of 0.6% on the EPRA Earnings.

Financial structure

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

- The most restrictive consolidated LTV covenants amounted, at 31 December 2019, to 60% for Covivio and Covivio Hotels.

The most restrictive ICR consolidated covenants applicable to the REITs are as follows:

- for Covivio: 200%.
- for Covivio Hotels: 200%.

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

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

Ratio	Covenant	H1 2020
LTV	60.0%	44.5%[1]
ICR	200%	610%
Secured debt ratio	25.0%	4.6%

[1] Excluding duties and sales agreements

All covenants were fully complied with at end June-2019. No loan has an accelerated payment clause contingent on Covivio's rating, which is currently BBB+, Stable outlook (S&P rating).

Detail of Loan-to-Value calculation (LTV)

(€ million Group hare)	2019	H1 2020
Net book debt	6,688	7,786
Receivables linked to associates (full consolidated)	-132	-141
Receivables on disposals	-239	-400
Security deposits received	-82	-122
Purchase debt	75	97
Net debt	**6,310**	**7,220**
Appraised value of real estate assets (Including Duties)	16,319	17,586
Preliminary sale agreements	-239	-400
Financial assets	27	33
Receivables linked to associates (equity method)	111	113
Share of equity affiliates	257	249
Value of assets	**16,474**	**17,581**
LTV Excluding Duties	**40.3%**	**43.2%**
LTV Including Duties	**38.3%**	**41.1%**

4.6. Reconciliation with consolidated accounts

Net debt

€ million	Consolidated accounts	Minority interests	Group share
Bank debt	11,941	-3,172	**8,769**
Cash and cash-equivalents	1,165	-182	**983**
Net debt	**10,776**	**-2,989**	**7,786**

Portfolio

€ million	Consolidated accounts	Portfolio of companies under equity method	Fair value of operating properties	Fair value of trading activities	Right of use of Investment properties	Minority interests	Group share
Investment & development properties	22,061	1,274	1,767	-	-210	-8,383	**16,509**
Assets held for sale	459					-71	**388**
Total portfolio	**22,520**	**1,274**	**1,767**	**-**	**-210**	**-8,454**	**16,897**

Interest Coverage Ratio

	Consolidated accounts	Minority interests	Group share
EBITDA (Net rents (-) operating expenses (+) results of other activities)	350.5	-101.0	**249.6**
Cost of debt	71.5	-30.6	**40.9**
ICR			**6.10**

5. EPRA REPORTING

5.1. Change in net rental income (Group share)

€ million	H1 2019	Acquisitions	Disposals	Developments (deliveries & vacating for redevelopment)	Indexation, asset management & occupancy	Rent provisions & other effects	H1 2020
France Offices (incl. Retail)	106	0	-6	0	1	-5	**97**
Italy Offices (incl. retail)	65	0	-10	1	1	-3	**55**
German Residential	72	1	-1	0	2	0	**75**
German Offices		13	0	0	0	0	**13**
Hotels in Europe (incl. Retail & excl. EBITDA from operating properties)	48	1	-2	1	-18	-2	**28**
Other (France Residential)	2	-	-2	-	-	-	**0**
Total	**293.8**	**15.3**	**-20.7**	**2.0**	**-13.5**	**-8.5**	**268.3**

Reconciliation with financial data

€ million	H1 2020
Total from the table of changes in Net rental Income (GS)	**268**
Adjustments	-
Total net rental income (Financial data § 3.3)	**268**
Minority interests	125
Total net rental income (Financial data § 3.4)	**393**

5.2. Investment assets – Information on leases

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

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

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

(€ million, Group share)	Gross rental income (€ m)	Net rental income (€ m)	Annualised rents (€ m)	Surface (m²)	Average rent (€/m²)	Vacancy rate (%)	EPRA vacancy rate (%)
France Offices	106	97	238	1,627,140	178	95.8%	95.8%
Italy Offices (incl. retail)	68	55	146	1,486,403	125	97.7%	97.8%
German Residential	82	75	160	2,800,127	89	98.4%	98.4%
German Offices	15	13	45	458,287	122	79.0%	79.0%
Hotels in Europe (incl. Retail & excl. EBITDA from operating properties)	30	28	129	n.a.	n.a.	0.0%	0.0%
Total [1]	**301**	**268**	**719**	**6,373,574**	**113**	**96.1%**	**96.1%**

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

5.3. Investment assets - Asset values

(€ million, Group share)	Market value	Change in fair value over the year	Duties	EPRA NIY
France Offices	5,857	69	290	4.1%
Italy Offices (incl. Retail)	3,010	-16	101	3.8%
German Residential	4,123	142	299	3.3%
German Offices	1,381	5	67	2.6%
Hotels in Europe (incl. Retail)	2,461	-58	113	5.0%
Other (France Resi. and car parks)	53	0	0	n.a.
Total 2019	**16,885**	**143**	**869**	**3.8%**

The EPRA net initial yield is the ratio of:

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

Reconciliation with IFRS statements

€ million	H1 2020
Total portfolio value (Group share, market value)	**16,885**
Fair value of the operating properties	**-984**
Fair value of companies under equity method	**-421**
Right of use on investment assets	**96**
Fair value of car parks facilities	**-49**
Investment assets Group share [1] (Financial data§ 3.5)	**15,527**
Minority interests	6,977
Investment assets 100% [1] (Financial data§ 3.5)	**22,504**

[1] Fixed assets + Developments assets + asset held for sale

5.4 Information on leases

	Firm residual lease term (years)	Residual lease term (years)	Lease expiration by date of 1st exit option Annualised rental income of leases expiring					
			N+1	N+2	N+3 to 5	Beyond	Total (€m)	Section
France Offices	4.5	5.4	8%	14%	33%	44%	238	2.A.6
Italy Offices (incl. retail)	6.9	7.3	10%	8%	20%	62%	146	2.B.6
Germany Offices	5.1	6.0	16%	11%	40%	33%	45	2.C.6
Hotels in Europe (incl. retail)	14.5	16.0	0%	1%	8%	90%	100	2.E.6
Others (German Residential, Hotels Ebitda, others)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	191	n.a
Total[1]	**7.1**	**8.0**	**6%**	**7%**	**19%**	**42%**	**721**	

1. Percentage of lease expiries on total revenues

5.5 EPRA Net Initial Yield

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

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

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

- EPRA net initial yield is the ratio of:

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

(€ million, Group share) Excluding French Residential and car parks	**Total 2019**	**France Offices**	**Italy Offices** (incl. Retail)	**German Residential**	**German Offices**	**Hotels in Europe** (incl. Retail)	**Total H1 2020**
Investment, saleable and operating properties	**15,638**	5,857	3,010	4,123	1,381	2,461	**16,885**
Restatement of assets under development	**-1,055**	-841	-281	-	-82	-2	**-1,206**
Restatement of undeveloped land and other assets under development	**-320**	-234	-57	-	-	-26	**-316**
Duties	**805**	290	101	299	67	113	**869**
Value of assets including duties (1)	**15,068**	**5,073**	**2,773**	**4,422**	**1,365**	**2,546**	**16,231**
Gross annualised IFRS revenues	**671**	219	131	160	41	131	**682**
Irrecoverable property charge	**-54**	-13	-25	-14	-5	-4	**-62**
Annualised net revenues (2)	**618**	**206**	**106**	**146**	**36**	**127**	**620**
Rent charges upon expiration of rent free periods or other reductions in rental rates	**24**	19	15	-	4	-	**39**
Annualised topped-up net revenues (3)	**642**	**225**	**121**	**146**	**40**	**127**	**659**
EPRA Net Initial Yield (2)/(1)	**4.1%**	4.1%	3.8%	3.3%	2.6%	5.0%	**3.8%**
EPRA "Topped-up" Net Initial Yield (3)/(1)	**4.3%**	4.4%	4.4%	3.3%	3.0%	5.0%	**4.1%**
Transition from EPRA topped-up NIY to Covivio yield							
Impact of adjustments of EPRA rents	**0.4%**	0.3%	0.9%	0.3%	0.4%	0.2%	**0.4%**
Impact of restatement of duties	**0.3%**	0.3%	0.2%	0.3%	0.2%	0.2%	**0.3%**
Covivio reported yield rate	**4.9%**	**5.0%**	**5.5%**	**3.9%**	**3.5%**	**5.4%**	**4.7%**

5.6. EPRA cost ratio

(€million, Group share)	H1 2019	H1 2020
Cost of other activities and fair value	-11.5	-13.5
Expenses on properties	-14.9	-9.7
Net losses on unrecoverable receivables	-3.0	-7.0
Other expenses	-2.1	-1.7
Overhead	-48.7	-49.1
Amortisation, impairment and net provisions	2.2	1.0
Income covering overheads	14.4	12.4
Cost of other activities and fair value	-4.2	-3,4
Property expenses	0.2	0.2
EPRA costs (including vacancy costs) (A)	**-67.5**	**-70,8**
Vacancy cost	5.7	5.6
EPRA costs (excluding vacancy costs) (B)	**-61.8**	**-65,3**
Gross rental income less property expenses	325.6	300.7
EBITDA from hotel operating properties & coworking, income from other activities and fair value	32.5	21,9
Gross rental income (C)	**358.2**	**322,6**
EPRA costs ratio (including vacancy costs) (A/C)	**-18.8%**	**-22,0%**
EPRA costs ratio (excluding vacancy costs) (B/C)	**-17.3%**	**-20,2%**

The Epra cost ratio is increasing due to the decrease of revenue in hotels and the integration of the German offices portfolio (with the acquisition of Godewind), of which the occupancy rate stands at 79% at end-June 2020.

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

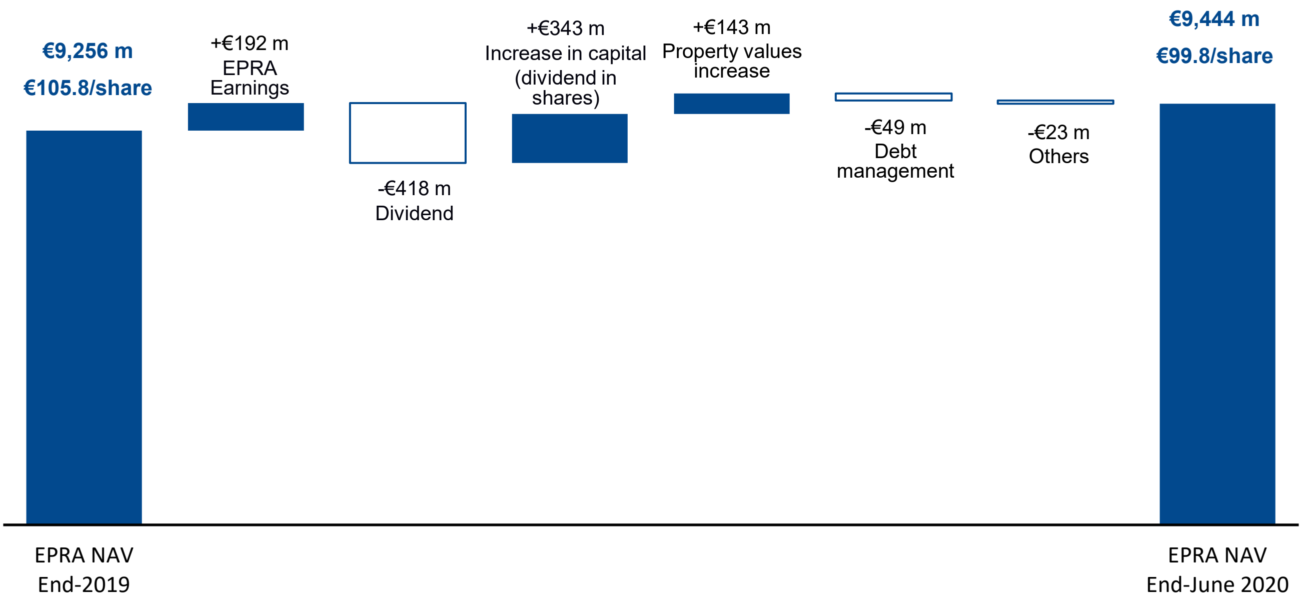
5.7. EPRA Earnings: €192.4 m in H1 2020

(€million)	H1 2019	H1 2020
Net income Group share (Financial data §3.3)	**355.1**	**194.2**
Change in asset values	-371.9	-142.8
Income from disposal	1.8	6.4
Acquisition costs for shares of consolidated companies	3.9	12.0
Changes in the value of financial instruments	147.3	66.8
Interest charges related to finance lease liabilities	1.9	2.0
Rental costs (leasehold > 100 years)	-1.3	-1.4
Deferred tax liabilities	47.6	23.4
Taxes on disposals	2.4	5.9
Adjustment to amortisation	8.8	8.4
Adjustments from early repayments of financial instruments	14.9	5.1
Adjustment IFRIC 21	3.8	3.7
EPRA Earnings adjustments for associates	5.3	8.9
EPRA Earnings	**219.7**	**192.4**
EPRA Earnings in €/share	**2.63**	**2.17**

5.8. EPRA NAV and EPRA NNNAV

	2019	H1 2020	Var.	Var. (%)
EPRA NAV (€ m)	9,256	**9,444**	188	+2.0%
EPRA NAV / share (€)	105.8	**99.8**	-6.0	-5.7%
EPRA NNNAV (€ m)	8,375	**8,423**	49	+0.6%
EPRA NNNAV / share (€)	95.7	**89.0**	-6.7	-7.0%
Number of shares	87,499,953	**94,662,951**	7,162,998	+8.2%

Evolution of EPRA NAV



	M€
Shareholders' equity	**8,406.9**
Fair value assessment of operating properties	86.4
Fair value assessment of car parks facilities	26.4
Fair value assessment of hotel operating properties	30.6
Fair value assessment of fixed-rate debts	-171.7
Restatement of value Excluding Duties on some assets	44.9
EPRA NNNAV	**8,423.5**
Financial instruments and fixed-rate debt	404.6
Deferred tax liabilities	616.2
ORNANE	0.0
EPRA NAV	**9,444.3**
IFRS NAV	**8,406.9**

Reconciliation between shareholder's equity and EPRA NAV

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

The real estate portfolio held directly by the Group was valued on 30th June 2020 by independent real estate experts such as Cushman, REAG, CBRE, HVS, JLL, BNPP Real Estate, MKG and CFE. This did not include:

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

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

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

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

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

Fair value assessment of operating properties

In accordance with IFRS, operating properties are valued at historical cost. To take into account the appraisal value, a €86.4 million value adjustment was recognised in EPRA NNNAV.

Fair value adjustment for the car parks

Car parks are valued at historical cost in the consolidated financial statements. NAV is restated to take into account the appraisal value of these assets net of tax. The impact on EPRA NNNAV was €26.4 M on the 30 June 2020.

Fair value adjustment for own occupied buildings and operating hotel properties

In accordance with IAS 40, owner-occupied buildings and operating hotel properties are not recognised at fair value in the consolidated financial statements. In line with EPRA principles, EPRA NNNAV was adjusted for the difference resulting from the fair value appraisal of the assets for €30.6 million. The market value of these assets is determined by independent experts.

Fair value adjustment for fixed- rate debts

The Group has taken out fixed-rate loans (secured bond and private placement). In accordance with EPRA principles, EPRA NNNAV was adjusted for the fair value of fixed-rate debt. The impact was -€171,7 million at 30 June 2020.

Recalculation of the base cost excluding duties of certain assets

When a company, rather than the asset that it holds, can be sold, transfer duties are re-calculated based on the company's net asset value (NAV). The difference between these re-calculated duties and the transfer duties already deducted from the value had an impact of €44.9 million at 30 June 2020.

5.9. New EPRA NAV metrics

According to Epra Best Practices Recommendations, Covivio Group presents new Net Assets Value metrics that will replace EPRA NAV and NNNAV in the publication of the 2020 full year results, in early 2021:

- The Epra net Reinstatement Value: assumes that entities never sell assets and aims to represent the value required to rebuild the entity, including duties.
- The Epra Net tangible Assets: assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.
  For this purpose the Group uses the following method:
  - **offices**: takes into account 50% of deferred tax considering the regular asset rotation policy,
  - **hotels** : takes into account deferred tax on the non-core part of the portfolio, expected to be sold within the next few years
  - **residential**: includes the deferred tax linked to the building classified as Assets available held for sale, considering the low level of asset rotation in this activity.
- The Epra Net Disposal Value: represents the shareholder's value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax

	H1 2020
EPRA NRV (€ m)	**10,268**
EPRA NRV / share (€)	**108.5**
EPRA NTA (€ m)	**9,317**
EPRA NTA / share (€)	**98.4**
EPRA NDV (€ m)	**8,319**
EPRA NDV / share (€)	**87.9**
Number of shares	**94,662,951**

	M€	**€/share**
Shareholders' equity	**8,407**	
Fair value assessment of operating properties	143	
Duties	869	
Financial instruments and ORNANE	233	
Deferred tax liabilities	616	
EPRA NRV	**10,268**	**108.5**
Restatement of value Excluding Duties on some assets	-825	
Goodwill and intangible assets	-82	
Deferred tax liabilities	-44	
EPRA NTA	**9,317**	**98.4**
Optimization of duties	-44	
Intangible assets	23	
Fixed-rate debts	-172	
Financial instruments and ORNANE	-233	
Deferred tax liabilities	-572	
EPRA NDV	**8,319**	**87.9**

5.10. EPRA performance indicator reference table

EPRA information	Section	in %	Amount in €	Amount in €/share
EPRA Earnings	5.8	-	€192 m	2.17 €/share
EPRA NAV	5.9	-	€9,444 m	99.8 €/share
EPRA NNNAV	5.9	-	€8,423 m	89.0 €/share
EPRA NAV/IFRS NAV reconciliation	5.9	-	-	-
EPRA net initial yield	5.6	3.8%	-	-
EPRA topped-up net initial yield	5.6	4.1%	-	-
EPRA vacancy rate at year-end	5.2	96.1%	-	-
EPRA costs ratio (including vacancy costs)	5.7	-22.0%	-	-
EPRA costs ratio (excluding vacancy costs)	5.7	-20.2%	-	-
EPRA indicators of main subsidiaries	5.2 & 5.6	-	-	-

6. FINANCIAL INDICATORS OF THE MAIN ACTIVITIES

	Covivio Hotels			Covivio Immobilien		
	2019	H1 2020	Var. (%)	2019	H1 2020	Var. (%)
EPRA Earnings - Half year (M€)	101.2	**32.3**	-68.1%	67.8	**72.8**	+7.4%
EPRA NAV (€ million)	3,816	**3,607**	-5.5%	3,744	**3,913**	+4.5%
EPRA NNNAV (€ million)	3,401	**3,202**	-5.9%	3,078	**3,181**	+3.3%
EPRA NRV	n.a	**3,815**	n.a	n.a	**4,349**	n.a
EPRA NTA	n.a	**3,430**	n.a	n.a	**3,193**	n.a
EPRA NDV	n.a	**3,013**	n.a	n.a	**3,181**	n.a
% of capital held by Covivio	43.2%	**43.3%**	+0.1 pts	61.7%	**61.7%**	+0.0 pts
LTV Including Duties	34.9%	**35.6%**	+0.7 pts	35.0%	**35.7%**	+0.7 pts
ICR	5.1	**2.6**	-247 bps	5.2	**5.5**	+30 bps

7. GLOSSARY

Net asset value per share (NAV/share), and Triple Net NAV per share

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

Operating assets

Properties leased or available for rent and actively marketed.

Rental activity

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

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

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

Cost of development projects

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

Definition of the acronyms and abbreviations used:

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

Firm residual term of leases

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

Green Assets

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

Unpaid rent (%)

Unpaid rent corresponds to the net difference between charges, reversals and unrecoverable loss of income divided by rent invoiced. These appear directly in the income statement under net cost of unrecoverable income (except in Italy where unpaid amounts not relating to rents were restated).

Loan To Value (LTV)

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

Rental income

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

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

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

Portfolio

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

Projects

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

Yields/return

The portfolio returns are calculated according to the following formula:

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

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

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

EPRA Earnings

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

Calculation:

(+) Net Rental Income

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

(+) Income from other activities

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

(-) Depreciation of operating assets

(-) Net change in provisions and other

(-) Cost of the net financial debt

(-) Interest charges linked to finance lease liability

(-) Net change in financial provisions

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

(-) Corporate taxes

(=) EPRA Earnings

Surface

SHON: Gross surface

SUB: Gross used surface

Debt interest rate

Average cost:

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

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

Occupancy rate

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

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

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

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

Like-for-like change in rent

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

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

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

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

Restatement done:

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

Like-for-like change in value

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

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

Restatement done:

- Deconsolidation of acquisitions and disposals realized on the period
- Restatement of work realized on asset under development during the N period