2019

UNIVERSAL REGISTRATION DOCUMENT

COVIVIO HOTELS

Contents

The components of the annual financial report are labelled AFR in the contents.

2019 Universal Registration Document

including the Annual Financial Report

This Universal Registration Document was filed on 6 March 2020 with the AMF, in its role as the competent authority under Regulation (EU) 2017/1129, without prior authorisation in accordance with Article 9 of said regulation. The Universal Registration Document may be used for the purposes of a public offering of financial securities or for the listing of financial securities for trading on a regulated market if it is supplemented by a note regarding financial securities and, where applicable, a summary and all amendments made to the Universal Registration Document. The entire document is approved by the AMF in accordance with Regulation (EU) 2017/1129.

Covivio Hotels

Partnership limited by shares with capital of €484,146,532
Registered office: 30 avenue Kléber 75116 Paris
Paris Trade and Companies Register 955 515 895

Key figures 2019

Covivio Hotels is a French listed real estate investment company (SIIC) and the market leader in hotel real estate.

Covivio Hotels is now the leading investor in hotel real estate in Europe. Covivio Hotels has a unique hotel portfolio comprising 333 hotels located at the centre of major European cities. It currently partners with around 18 hotel chains representing some thirty brands in Europe. Midscale and upscale hotels make up 75% of its portfolio.

Covivio Hotels supports brands in their leasing, operating properties and developments, positioning itself alongside them in Europe's most dynamic cities.

Covivio Hotels is supported by institutional shareholders including Covivio, the life insurance subsidiaries of Crédit Agricole, Crédit Mutuel-CIC, BNP Paribas, Generali, Société Générale, and the Caisse des Dépôts et Consignations.

The company's investment policy is focused on building partnerships with leading operators in each business sector, as well as innovative players who stand out for their pioneering, profitable concepts, with a view to offering shareholders a recurring return on their investment.

The sector classification of the portfolios reflects the reporting segments used by the Covivio Hotels management. There are three segments:

- hotel leased properties (Accor, B&B, NH Hotel Group, IHG, Motel One, Barcelo Group, Pierre et Vacances, Club Med, MEININGER);
- hotels under management (Rezidor, Marriott, Accor, IHG);
- retail premises (Courtepaille, Jardiland).

Overall distribution of the portfolio (Group share) by value as at 31/12/2019

76% Hotel leased properties

21% Hotels under management

3% Retail

(€K)		Fiscal year 2019	Fiscal year 2018
Revenue, Group share		**292,518**	**275,907**
of which:	Hotel leased properties (Rental income)	212,727	153,562
	Hotels under management (EBITDA)	67,428	71,516
	Retail premises (Rental income)	12,363	21,438

(€K)		Fiscal year 2019	Fiscal year 2018
Portfolio value, Group share		**5,973,274**	**5,482,955**
of which:	Hotel leased properties	4,566,484	4,120,771
	Hotels under management	1,240,370	1,189,174
	Retail premises	166,420	173,010

Simplified consolidated income statement

(€K)	Fiscal year 2019	Fiscal year 2018
Net Rental Income	240,320	224,870
Managed hotel income	69,878	74,468
Net cost of operations	- 21,534	- 19,816
Depreciation of operating assets	- 42,285	- 44,336
Net change in provisions and other	10,635	6,067
Current operating income	**257,014**	**241,253**
Income from asset disposals	27,026	1,406
Income from value adjustments	244,988	99,868
Income from disposals of securities	4,101	119,705
Income from changes in scope	- 14,955	- 149,187
Operating income (loss)	**518,174**	**313,044**
Net financial income/(charges)	- 131,483	- 77,878
Share of income from companies accounted for under the equity method	20,359	8,668
Net income before tax	**407,049**	**243,835**
Taxes	- 15,027	- 16,655
Net income	**392,022**	**227,180**
Net income (loss) from discontinued operations	0	0
Minority interests	- 39,760	- 33,178
Net income Group share	**352,262**	**194,002**

Figures, Group share

	Fiscal year 2019	Fiscal year 2018
Net income, Group share (€ per share)	2.93	1.74
EPRA Earnings (€ million)	209.2	198.4
EPRA Earnings (€ per share)	1.74	1.78
EPRA NNNAV (€ million)	3,400.1	3,109.5
EPRA NNNAV per share (€)	28.1	26.3
EPRA NAV (€ million)	3,815.2	3,405.9
EPRA NAV (€ per share)	31.5	28.9
Dividend* (€ per share)	1.55	1.55

* 2019 dividend proposed to the General Meeting of 3 April 2020

Number of shares during the period	Fiscal year 2019	Fiscal year 2018
Number of shares at opening	118,057,886	87,816,087
Number of shares created by capital increase	2,978,747	30,241,799
Number of shares at period-end*	121,036,633	118,057,886
Average number of shares	120,283,966	111,314,724

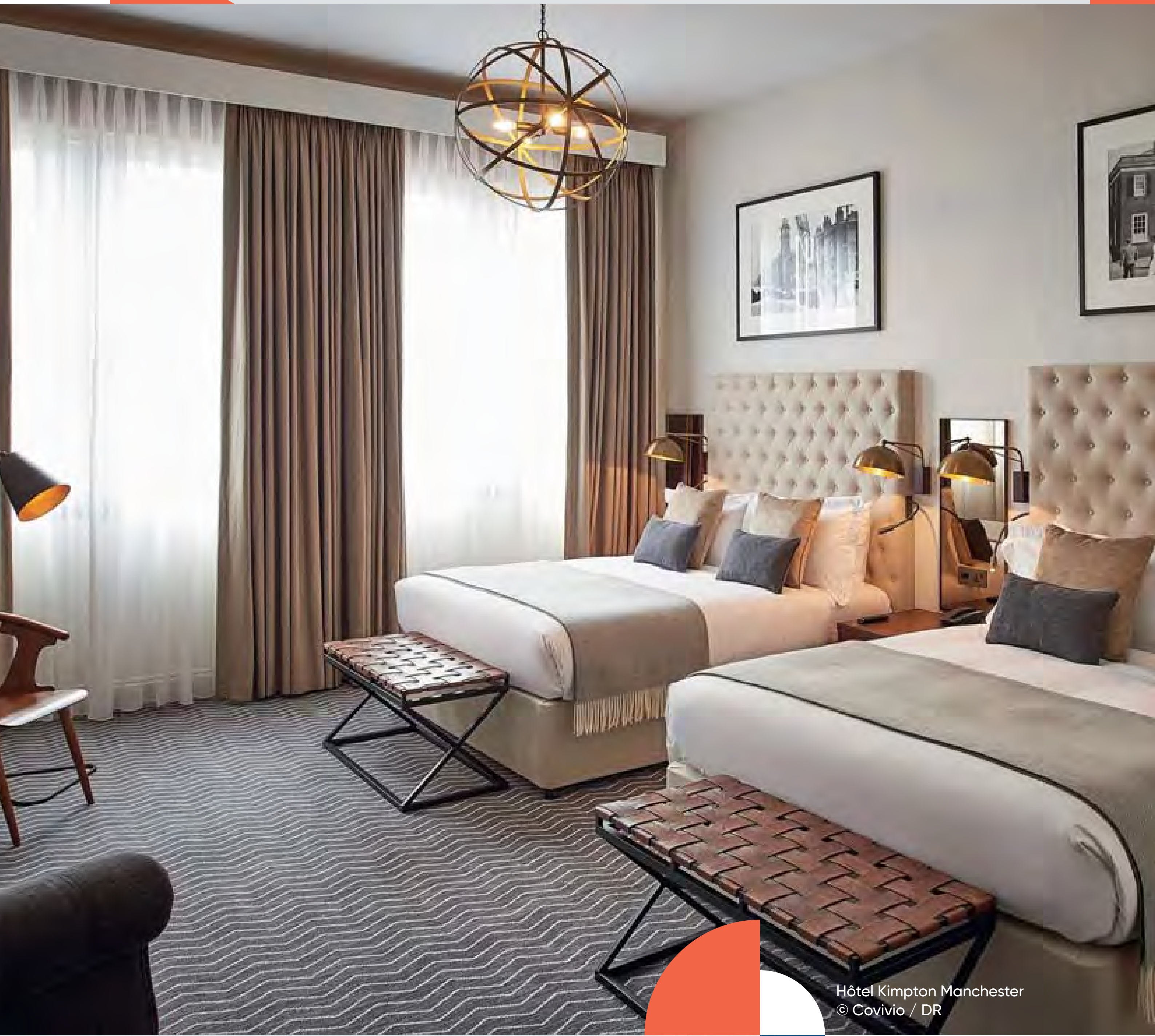
* Including treasury shares: 3,049 31/12/2019 (versus 4,840 at 31/12/2018)

Simplified consolidated balance sheet

(€K)	Net 31/12/2019	Net 31/12/2018		Net 31/12/2019	Net 31/12/2018
ASSETS			**LIABILITIES**		
Non-current assets	6,439,551	5,975,918	Shareholders' equity	3,486,133	3,304,207
Current assets	209,108	382,380	Non-current liabilities	3,124,574	3,015,336
Cash	164,728	381,401	Current liabilities	202,681	420,155
ASSETS	**6,813,387**	**6,739,698**	**LIABILITIES**	**6,813,387**	**6,739,698**

Features of debt as at 31 December 2019

At 31 December 2019, the Group share of net financial debt stood at €2,329 million, with an average rate for the period of 2.25% and an average maturity of 5.5 years. In 2019, the average active hedging rate was 81.6%.


Hôtel Kimpton Manchester
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333 hotels at the heart of the major European cities worth €6.5 billion.

1

Management report AFR

1.1 Strategy and outlook

Covivio Hotels – a real estate company listed on Compartment A of the Euronext regulated market in Paris, having opted for SIIC status – had, at 31 December 2019, a portfolio of 409 assets, including 333 hotels, with a total appraisal value of €6.7 billion (€6.0 billion Group share), located throughout France and Europe.

The strategy of Covivio Hotels, Europe's leading hotel real estate investor, is based on partnerships with the most innovative hotel operators in France and the rest of Europe. In 2019, Covivio Hotels completed a major milestone in the development of its hotel real estate portfolio by signing its first acquisitions in Ireland and Poland, and also accelerated the disposal of its non-strategic assets. The company is now the leading investor in hotel real estate in Europe.

Covivio Hotels supports brands in their leasing, operating and development projects, positioning itself alongside them in Europe's most dynamic cities.

Covivio Hotels and its partners hold regular partnership committee meetings to define portfolio development initiatives, analyse the business and operations, and monitor the progress of works programmes.

Outlook

In 2020, Covivio Hotels intends to continue its growth in major European cities.

1.2 Activity of the company and its subsidiaries

1.2.1 Events 2019

Covivio Hotels carried out €417 million of investments in 2019 and signed its first acquisitions in Ireland and Poland. This European development was confirmed at the beginning of 2020 with the secured major investments of a hotel portfolio in Italy, Hungary and the Czech Republic.

Additionally, Covivio Hotels enhanced non core assets disposals for €437 million.

€417 million of investments carried out in 2019 with leading operators in the key European markets

On 1 July 2019, Covivio Hotels acquired a 32% stake in a portfolio of 32 Accor hotels in France and Belgium for €176 million, including duties. This strategic portfolio, valued at €550 million, is jointly owned with Caisse des Dépôts et Consignations and Société Générale Assurances, which are already long-standing shareholders.

Following this acquisition, Covivio Hotels manages over 25,000 rooms operated by brands of the Accor Group, Europe's leading hotel operator. Bolstered by its experience, Covivio Hotels will replicate the strategy implemented over the last ten years with its portfolio rented to AccorInvest by identifying the key value drivers together with the operator.

Over the first half of 2019, Covivio Hotels finalised the acquisition of 2 hotels in the United Kingdom operated by InterContinental Hotels Group (IHG), and a hotel in the Netherlands leased to NH under agreements signed in 2018 for a total of €91 million and a yield of 5.8%. Leases for a term of 25 and 20 years were signed with these operators, who are leaders in their market.

Covivio Hotels carried out its 1st transaction in Ireland in November 2019 with the acquisition, under management contract, of a 120-room 4-star Hilton hotel located in the center of Dublin, in the amount of €45.5 million for a yield of 6.4%. The hotel will undergo conversion work in a project to turn the meeting rooms into 10 additional guestrooms by 2021, creating value of more than 10%. The acquisition is an opportunity for Covivio Hotels to set up in a new European market.

Covivio Hotels carried out a 1st transaction in Poland in November 2019 with the signature of an agreement with B&B Hotels for the acquisition of 3 existing assets in Lodz, Warsaw and Kraków for €24 million, and for the development of new hotels aiming to double the accommodation capacity in Poland of Europe's leading independent economy hotel chain.

This new acquisition strengthens the partnership that was established with B&B Hotels in 2010, supporting the hotel group in its development in Poland, after France, Spain and Germany.

€32 million of capex carried out in 2019

Over the year, Covivio Hotels has delivered 4 hotels under development for a total cost price of €106 million and a value creation of 31%. These are 3 Meininger hotels in Paris, Lyon and Munich, plus a B&B hotel in Cergy-Pontoise. Covivio Hotels carried out capex worth €32 million.

European expansion and a strong move upmarket for the hotel portfolio, confirmed in 2020 by the acquisition of iconic hotels valued at €573 million

At the beginning of January 2020, Covivio Hotels announced that it had signed an agreement for the acquisition of a portfolio of 8 hotels located in Rome, Florence, Venice, Nice, Prague and Budapest; the price is €573 million (capex included), with a yield objective of 5.8% (of which a minimum of 4.7% guaranteed). The portfolio is mainly composed of assets with 5-star ranking, located in the center of major European cities.

This portfolio of upscale establishments in prime locations includes several emblematic hotels such as the Palazzo Naiadi in Rome, the Carlo IV in Prague, the Plaza in Nice and the NY Palace in Budapest.

With this significant transaction, which will be finalised in the second quarter of 2020, Covivio Hotels is firmly established in the Italian hotels market. Third-ranked world destination in number of overnight stays (429 million recorded in 2018), Italy has a hotel real estate offering that is disparate and needs to be renovated, with a very weak rate of penetration of major brands (9.6% vs 48% in France).

Totalling 1,115 rooms, these hotels will be operated under the brands NH Collection, NH Hotels and Anantara Hotels & Resorts. For this, Covivio Hotels and NH Hotel Group have signed 15 year firm triple net leases with variable rent and a guaranteed minimum.

€437 million of hotel and retail sales in 2019 improving the quality of our portfolio

Continuing its strategy of moving assets upmarket, over the year Covivio Hotels disposed of €437 million of assets (sales and sales agreements) based on a yield of 4.9% and generating a margin of 17% on new commitments in relation to the appraisal values of end December 2018. These disposals include primarily:

- a Westin hotel operating property located in Dresden, Germany, for €48.5 million, representing a margin of 8.8% more than the appraisal value of 31 December 2018. Covivio Hotels will keep the adjacent land reserve, which has strong development potential.
- a portfolio of 88 B&B assets in France, located primarily outside Paris, for €378 million, i.e. €190 million in terms of Group share, with a yield of 5.5%.
- Covivio Hotels has also signed a sales agreement covering a portfolio of 11 B&B assets in Germany (€107 million) at a yield of 4.2% and a margin of +39% compared to the 2018 appraisal value.

1.2.2 Hotel real estate portfolio

1.2.2.1 Hotel real estate market in Europe

In France

(Source: MKG)

In 2019, France confirmed its excellent results for 2018. While there was a +7.8% increase in 2018, RevPAR increased again this year by +1.7%. This increase is related to an increase in prices (+1.5%) and occupancy rates (+0.1 pts). These good performances can mainly be explained by the increases observed in the main cities of the country: +8.1% in Lyon, +6.1% in Nice or even +5.5% in Montpellier.

In Belgium and the Netherlands

(Source: MKG)

As in 2018, Belgium recorded the best performance in Western Europe with growth in RevPAR of 6.1%. The upturn was mainly driven by Brussels, which saw a 7.8% rise in RevPAR over the previous year. This result reflects the 2.1 point increase in occupancy rate and the 4.9% rise in average prices. The Netherlands, on the other hand, experienced a decline of - 0.5% in RevPAR, mainly driven by Amsterdam (- 1.3%).

In Germany

(Source: MKG)

The German market remained buoyant in 2019, with a uniform increase in RevPAR of 1.9% across all hotel ranges. Cities like Düsseldorf or Cologne experienced particularly significant increases in RevPAR (+9.9% and +8.3% respectively). These good performances were mainly driven by average prices, which increased by +1.4% across the country.

In Spain and Portugal

(Source: MKG)

The main cities in Spain experienced spectacular increases in RevPAR: +12.1% in Valencia, +10.7% in Madrid and +9.4% in Barcelona. Overall, the country's RevPAR increased by +5.1%, resulting from a 4.0% increase in average prices and a 0.8 point increase in the occupancy rate. In Portugal, the trend continues to rise with RevPAR increasing by +5.1% compared to 2018.

In the UK and Ireland

(Source: MKG and BNP Paribas Real Estate)

In the United Kingdom, despite a modest overall increase in RevPAR in 2019 (+1.0%), the upscale segment and the city of London are doing well (+1.7% and +2.6%). In Dublin, the - 3.6% decrease in RevPAR is explained mainly by the increase in the VAT rate as of 1 January 2019 (increase from 9% to 13.5% for hotel products).

In Poland

(Source: MKG)

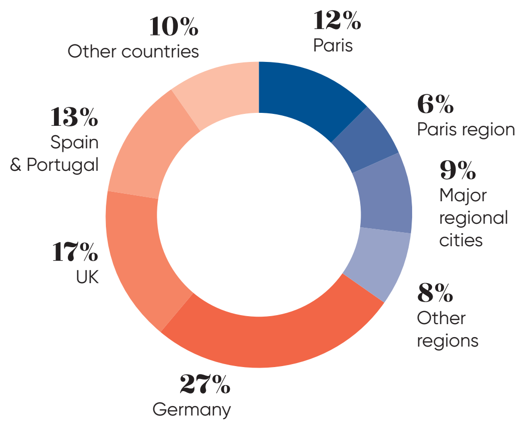
There was sustained growth, as RevPAR increased by +4.7% compared to 2018. Growth was seen in the occupancy rate (+1.1 point) as well as in the average price (+3.0%). RevPAR in the capital (Warsaw) increased by +0.5%.

1.2.2.2 Overview of the portfolio

The portfolio comprises 333 hotels (including 20 operating properties and one asset under development) and has a balanced distribution both in terms of range and geographically. The hotel real estate business (rental income from operating properties and EBITDA from hotels under management) generated total revenue of €315 million in 2019, with a Group share of €280 million, up 1.2% year-on-year at like-for-like scope.

Geographic breakdown of hotels by value at 31 December 2019 (€5,807 million in Group share)

As 31 December 2019, the appraisal value of the hotel portfolio held by Covivio Hotels totalled €6,526 million, or a Group share of €5,807 million (excluding duties).



The detailed list of assets is as follows:

Tenants	Brand	Asset name	Town/City	Country	Number of rooms
Marriott	AC Hotels	AC Barcelona Forum	Barcelona	Spain	368
AccorInvest	Ibis	Ibis Antwerpen Centrum	Antwerp	Belgium	150
AccorInvest	Ibis	Ibis Brugge Centrum	Bruges	Belgium	128
AccorInvest	Ibis	Ibis Brussels Airport	Machelen	Belgium	98
AccorInvest	Ibis	Ibis Brussels City Centrum Ste Catherine	Brussels	Belgium	236
AccorInvest	Ibis	Ibis Brussels Grd Place	Brussels	Belgium	184
AccorInvest	Ibis	Ibis Brussels. Expo Atomium	Grimbergen	Belgium	81
AccorInvest	Ibis	Ibis Gent Centrum St Baafs Kathedraal	Ghent	Belgium	120
AccorInvest	Ibis	Ibis Gent Opera	Ghent	Belgium	134
AccorInvest	Novotel	Novotel Brugge Centrum	Bruges	Belgium	126
AccorInvest	Novotel	Novotel Brussels Airport	Brussels	Belgium	209
AccorInvest	Novotel	Novotel Brussels Grd Place	Brussels	Belgium	138
AccorInvest	Novotel	Novotel Gent Centrum	Ghent	Belgium	117
AccorInvest	Formule 1	Formule 1 Paris Porte de Montmartre	Paris	France	386
AccorInvest	Ibis	Ibis Annecy	Annecy	France	85
AccorInvest	Ibis	Ibis Arras	Arras	France	63
AccorInvest	Ibis	Ibis Avignon Gare	Avignon	France	98
AccorInvest	Ibis	Ibis Bordeaux Gare	Bordeaux	France	80
AccorInvest	Ibis	Ibis Bordeaux Lac 2	Bordeaux	France	116
AccorInvest	Ibis	Ibis Bordeaux Bastide	Bordeaux	France	92
AccorInvest	Ibis Budget	Ibis Budget Argenteuil	Argenteuil	France	47
AccorInvest	Ibis Budget	Ibis Budget Aubervilliers	Aubervilliers	France	257
AccorInvest	Ibis Budget	Ibis Budget Gennevilliers	Gennevilliers	France	119
AccorInvest	Ibis Budget	Ibis Budget Lille Centre Gare	Lille	France	102
AccorInvest	Ibis Budget	Ibis Budget L'Isle Adam	L'Isle d'Adam	France	69
AccorInvest	Ibis Budget	Ibis Budget Lyon Gerland	Lyon	France	106
AccorInvest	Ibis Budget	Ibis Budget Lyon Nord Dardilly	Dardilly	France	177
AccorInvest	Ibis Budget	Ibis Budget Marseille Prado	Marseille	France	82
AccorInvest	Ibis Budget	Ibis Budget Mulhouse Dornach	Mulhouse	France	68
AccorInvest	Ibis Budget	Ibis Budget Paris Porte de Montmartre	Paris	France	464
AccorInvest	Ibis Budget	Ibis Budget Saint Cyr l'École	Saint Cyr l'École	France	48
AccorInvest	Ibis Budget	Ibis Budget Sucy En Brie	Sucy-en-Brie	France	80
AccorInvest	Ibis Budget	Ibis Budget Toulouse Cité de l'Espace N 2	Toulouse	France	69
AccorInvest	Ibis Budget	Ibis Budget Toulouse Matabiau	Toulouse	France	130
AccorInvest	Ibis Budget	Ibis Budget Vélizy	Vélizy	France	123
AccorInvest	Ibis	Ibis Chartres Centre	Chartres	France	79
AccorInvest	Ibis	Ibis Fontainebleau	Fontainebleau	France	86
AccorInvest	Ibis	Ibis Limoges Centre	Limoges	France	68
AccorInvest	Ibis	Ibis Lyon Gerland Pont Pasteur	Lyon	France	129
AccorInvest	Ibis	Ibis Lyon La Part Dieu Centre Halles	Lyon	France	216
AccorInvest	Ibis	Ibis Lyon Part Dieu	Lyon	France	144
AccorInvest	Ibis	Ibis Marseille Centre	Marseille	France	52
AccorInvest	Ibis	Ibis Marseille Gare Saint Charles	Marseille	France	172
AccorInvest	Ibis	Ibis Marseille Prado	Marseille	France	116
AccorInvest	Ibis	Ibis Metz Centre Cathédrale	Metz	France	79
AccorInvest	Ibis	Ibis Nancy Centre Gare	Nancy	France	82
AccorInvest	Ibis	Ibis Nantes Centre Tour Bretagne	Nantes	France	140

Tenants	Brand	Asset name	Town/City	Country	Number of rooms
AccorInvest	Ibis	Ibis Nice Centre	Nice	France	199
AccorInvest	Ibis	Ibis Orléans Centre Gare	Orléans	France	67
AccorInvest	Ibis	Ibis Paris Bastille Opéra	Paris	France	305
AccorInvest	Ibis	Ibis Paris Cambronne	Paris	France	523
AccorInvest	Ibis	Ibis Paris La Fayette	Paris	France	70
AccorInvest	Ibis	Ibis Paris La Villette	Paris	France	284
AccorInvest	Ibis	Ibis Paris Montmartre	Paris	France	326
AccorInvest	Ibis	Ibis Paris Porte d'Orléans	Montrouge	France	402
AccorInvest	Ibis	Ibis Paris Rungis	Rungis	France	144
AccorInvest	Ibis	Ibis Paris Versailles Parly 2	Le Chesnay	France	72
AccorInvest	Ibis	Ibis Roissy Paris Nord 2	Roissy	France	134
AccorInvest	Ibis	Ibis Rouen Centre Rive Droite	Rouen	France	88
AccorInvest	Ibis	Ibis Rouen Centre Rive Gauche	Rouen	France	80
AccorInvest	Ibis	Ibis Strasbourg Centre Petite France	Strasbourg	France	98
AccorInvest	Ibis	Ibis Strasbourg Centre Ponts Couverts	Strasbourg	France	244
AccorInvest	Ibis	Ibis Strasbourg Halles	Strasbourg	France	97
AccorInvest	Ibis Styles	Ibis Styles Lille Centre	Lille	France	140
AccorInvest	Ibis Styles	Ibis Styles Paris Bercy	Paris	France	364
AccorInvest	Ibis	Ibis Toulouse Aero	Blagnac	France	88
AccorInvest	Ibis	Ibis Toulouse Centre	Toulouse	France	178
AccorInvest	Mercure	Mercure Angers Centre	Angers	France	84
AccorInvest	Mercure	Mercure La Grande Motte	La Grande Motte	France	117
AccorInvest	Mercure	Mercure Lille Le Royal	Lille	France	101
AccorInvest	Mercure	Mercure Lyon Lumière	Lyon	France	78
AccorInvest	Mercure	Mercure Lyon Saxe Lafayette	Lyon	France	156
AccorInvest	Mercure	Mercure Marseille Centre	Marseille	France	200
AccorInvest	Mercure	Mercure Massy Gare TGV	Massy	France	116
AccorInvest	Mercure	Mercure Nice	Nice	France	124
AccorInvest	Mercure	Mercure Paris Gare de Lyon	Paris	France	315
AccorInvest	Mercure	Mercure Paris La Défense	Nanterre	France	160
AccorInvest	Mercure	Mercure Paris La Défense 5	Courbevoie	France	507
AccorInvest	Mercure	Mercure Paris Porte d'Orléans	Montrouge	France	188
AccorInvest	Mercure	Mercure Paris Porte St Cloud	Boulogne Billancourt	France	180
AccorInvest	Mercure	Mercure St Quentin	Montigny-le-Bretonneux	France	74
AccorInvest	Mercure	Mercure Strasbourg	Strasbourg	France	98
AccorInvest	Mercure	Mercure Tour Eiffel	Paris	France	405
AccorInvest	Novotel	Novotel Aix Beaumanoir	Aix-en-Provence	France	102
AccorInvest	Novotel	Novotel Aix Pont L'arc	Aix-en-Provence	France	80
AccorInvest	Novotel	Novotel Atria Charenton	Charenton-le-Pont	France	133
AccorInvest	Novotel	Novotel Atria Grenoble	Grenoble	France	118
AccorInvest	Novotel	Novotel Atria Rueil	Rueil-Malmaison	France	118
AccorInvest	Novotel	Novotel Bordeaux C Meriadeck	Bordeaux	France	137
AccorInvest	Novotel	Novotel Genève Aéroport	Ferney-Voltaire	France	80
AccorInvest	Novotel	Novotel Lille Centre Palais Congres	Lille	France	104
AccorInvest	Novotel	Novotel Lille Flandres	Lille	France	96
AccorInvest	Novotel	Novotel Lyon Gerland	Lyon	France	186
AccorInvest	Novotel	Novotel Lyon Nord	Dardilly	France	107
AccorInvest	Novotel	Novotel Nîmes Centre Atria	Nîmes	France	119
AccorInvest	Novotel	Novotel Paris Cergy	Cergy-Pontoise	France	191
AccorInvest	Novotel	Novotel Paris Gare Lyon	Paris	France	253

Tenants	Brand	Asset name	Town/City	Country	Number of rooms
AccorInvest	Novotel	Novotel Paris Massy	Palaiseau	France	147
AccorInvest	Novotel	Novotel Paris Pont de Sèvres	Sèvres	France	131
AccorInvest	Novotel	Novotel Paris Roissy	Roissy	France	201
AccorInvest	Novotel	Novotel Paris St Quentin	Magny-les-Hameaux	France	131
AccorInvest	Novotel	Novotel Roissy CDG Convention & Wellness	Roissy	France	295
AccorInvest	Novotel	Novotel Rouen Sud	Saint-Étienne du Rouvray	France	134
AccorInvest	Novotel	Novotel Saclay	Saclay	France	139
AccorInvest	Novotel	Novotel Strasbourg Halle	Strasbourg	France	96
AccorInvest	Novotel	Novotel Toulouse Compans	Toulouse	France	131
AccorInvest	Sofitel	Sofitel Lyon Bellecour	Lyon	France	164
B&B	B&B	Aachen	Würselen	Germany	78
B&B	B&B	Baden Airpark	Rheinmünster	Germany	85
B&B	B&B	Berlin	Berlin	Germany	105
B&B	B&B	Berlin Messe	Berlin	Germany	140
B&B	B&B	Berlin-Potsdamer	Berlin	Germany	92
B&B	B&B	Berlin-Süd	Genshagen	Germany	73
B&B	B&B	Böblingen	Böblingen	Germany	100
B&B	B&B	Bonn	Bonn	Germany	100
B&B	B&B	Braunschweig	Braunschweig	Germany	78
B&B	B&B	Bremen	Bremen	Germany	100
B&B	B&B	Darmstadt	Darmstadt	Germany	102
B&B	B&B	Dresden	Dresden	Germany	131
B&B	B&B	Duisburg	Duisburg	Germany	101
B&B	B&B	Düsseldorf – Ratingen	Düsseldorf	Germany	74
B&B	B&B	Düsseldorf Airport	Düsseldorf	Germany	100
B&B	B&B	Düsseldorf City	Düsseldorf	Germany	84
B&B	B&B	Erfurt	Erfurt	Germany	95
B&B	B&B	Erlangen	Erlangen	Germany	100
B&B	B&B	Essen	Essen	Germany	106
B&B	B&B	Frankfurt-Offenbach	Franckfurt	Germany	74
B&B	B&B	Frankfurt-Nord	Franckfurt	Germany	100
B&B	B&B	Freiburg	Freiburg	Germany	80
B&B	B&B	Hamburg – Harburg	Hamburg	Germany	100
B&B	B&B	Hamburg East	Hamburg	Germany	155
B&B	B&B	Hannover	Hannover	Germany	74
B&B	B&B	Hannover	Hannover	Germany	73
B&B	B&B	Heidelberg	Heidelberg	Germany	123
B&B	B&B	Herne	Herne	Germany	78
B&B	B&B	Ingolstadt	Ingolstadt	Germany	73
B&B	B&B	Kaiserslautern	Kaiserslautern	Germany	84
B&B	B&B	Kassel	Kassel	Germany	74
B&B	B&B	Kassel	Kassel	Germany	94
B&B	B&B	Kiel	Kiel	Germany	101
B&B	B&B	Koblenz	Koblenz	Germany	100
B&B	B&B	Köln	Cologne	Germany	105
B&B	B&B	Köln	Frechen	Germany	106
B&B	B&B	Köln-Porz	Köln-Porz	Germany	104
B&B	B&B	Konstanz	Konstanz	Germany	100
B&B	B&B	Leipzig-Nord	Leipzig	Germany	78

Tenants	Brand	Asset name	Town/City	Country	Number of rooms
B&B	B&B	Lübeck	Lübeck	Germany	96
B&B	B&B	Mainz	Mainz	Germany	92
B&B	B&B	Mannheim	Mannheim	Germany	100
B&B	B&B	Mönchengladbach	Mönchengladbach	Germany	100
B&B	B&B	Mülheim	Mülheim a.d.Ruhr	Germany	101
B&B	B&B	Munich	Aschheim	Germany	127
B&B	B&B	Munich Airport – Hallbergmoos	Hallbergmoos	Germany	101
B&B	B&B	Munich City West	Munich	Germany	147
B&B	B&B	Niederrad	Franckfurt	Germany	148
B&B	B&B	Nuremberg	Nuremberg	Germany	135
B&B	B&B	Oberhausen	Oberhausen	Germany	102
B&B	B&B	Osnabruck	Osnabruck	Germany	100
B&B	B&B	Potsdam	Potsdam	Germany	101
B&B	B&B	Regensburg	Regensburg	Germany	96
B&B	B&B	Schweinfurt	Schweinfurt	Germany	74
B&B	B&B	Stuttgart – Vaihingen	Stuttgart	Germany	108
B&B	B&B	Würzburg	Würzburg	Germany	95
B&B	B&B	Valencia	Valencia	Spain	125
B&B	B&B	Madrid Airport	Madrid	Spain	124
B&B	B&B	Alicante	Alicante	Spain	120
B&B	B&B	Girona	Salt-Girona	Spain	93
B&B	B&B	Angers 1	Beaucouze	France	60
B&B	B&B	Angers 2	Beaucouze	France	70
B&B	B&B	Arras	Arras	France	81
B&B	B&B	Aulnay-sous-Bois	Aulnay-sous-Bois	France	113
B&B	B&B	Avranches	Avranches	France	60
B&B	B&B	Bagnolet	Bagnolet	France	108
B&B	B&B	Bayonne Tarnos	Tarnos	France	74
B&B	B&B	Beauvais	Allonne	France	72
B&B	B&B	Besançon	Besançon	France	59
B&B	B&B	Béziers	Villeneuve-lès-Béziers	France	60
B&B	B&B	Blois	Blois	France	63
B&B	B&B	Bordeaux Bruges	Bordeaux	France	72
B&B	B&B	Bordeaux Mérignac	Mérignac	France	72
B&B	B&B	Brest Kergaradec	Brest Kergaradec	France	46
B&B	B&B	Brest Port	Brest	France	40
B&B	B&B	Brignoles	Brignoles	France	70
B&B	B&B	Brive La Gaillarde	Ussac	France	70
B&B	B&B	Caen Mémorial	Saint-Contest	France	70
B&B	B&B	Cannes Ouest La Bocca	Cannes	France	96
B&B	B&B	Cergy	Cergy-Pontoise	France	84
B&B	B&B	Chalon Sur Saône Nord	Champforgeuil	France	42
B&B	B&B	Chalon Sur Saône Sud	Saint-Rémi	France	71
B&B	B&B	Châlons-en-Champagne	Châlons-en-Champagne	France	84
B&B	B&B	Chambéry	Chambéry	France	54
B&B	B&B	Chatenay-Malabry	Châtenay-Malabry	France	127
B&B	B&B	Chevilly-Larue	Chevilly-Larue	France	83
B&B	B&B	Cholet	Cholet	France	56
B&B	B&B	Clermont Gerzat 1	Gerzat	France	71

Tenants	Brand	Asset name	Town/City	Country	Number of rooms
B&B	B&B	Clermont Gerzat 2	Gerzat	France	63
B&B	B&B	Colmar	Wintzenheim	France	70
B&B	B&B	Corbeil	Corbeil-Essonnes	France	47
B&B	B&B	Creil Chantilly	Creil	France	83
B&B	B&B	Dieppe Saint-Aubin	Saint-Aubin-sur-Scie	France	72
B&B	B&B	Dreux	Dreux	France	45
B&B	B&B	Euralille	Lille	France	127
B&B	B&B	Évreux	Évreux	France	83
B&B	B&B	Évry Lisses 1	Lisses	France	99
B&B	B&B	Évry Lisses 2	Lisses	France	84
B&B	B&B	Herblay	Herblay	France	48
B&B	B&B	Hyères	Hyères	France	52
B&B	B&B	La Queue-en-Brie	La Queue-en-Brie	France	47
B&B	B&B	Le Mans Nord 1	Saint-Saturnin	France	69
B&B	B&B	Le Mans Nord 2	Saint-Saturnin	France	72
B&B	B&B	Le Mans Sud	Arnage	France	60
B&B	B&B	Lens	Lens	France	80
B&B	B&B	Lens Noyelles-Godault	Noyelles-Godault	France	72
B&B	B&B	Louveciennes	Louveciennes	France	81
B&B	B&B	Lyon Berthelot	Lyon	France	113
B&B	B&B	Lyon Gambetta	Lyon	France	116
B&B	B&B	Lyon Monplaisir	Lyon	France	95
B&B	B&B	Lyon Vénissieux	Vénissieux	France	137
B&B	B&B	Malakoff – Paris Parc des Expositions	Malakoff	France	233
B&B	B&B	Marne La Vallée	Bussy Saint Georges	France	130
B&B	B&B	Maurepas	Maurepas	France	70
B&B	B&B	Metz Augny	Augny	France	60
B&B	B&B	Metz Jouy aux Arches	Jouy aux Arches	France	70
B&B	B&B	Metz Semecourt	Semecourt	France	70
B&B	B&B	Montélimar	Les Tourrettes	France	70
B&B	B&B	Montlhéry	Linas Montlhéry	France	50
B&B	B&B	Moulins	Toulon-sur-Allier	France	72
B&B	B&B	Nancy Frouard 2	Frouard	France	71
B&B	B&B	Nanterre	Nanterre	France	150
B&B	B&B	Nantes Centre	Nantes	France	60
B&B	B&B	Nantes La Beaujoire	Nantes	France	60
B&B	B&B	Nantes La Chapelle	La Chapelle-sur-Erdre	France	60
B&B	B&B	Nantes Saint Herblain	Saint Herblain	France	72
B&B	B&B	Nantes Saint Sébastien	St-Sébastien-sur-Loire	France	70
B&B	B&B	Orgeval	Orgeval	France	72
B&B	B&B	Paray-le-Monial	Paray-le-Monial	France	70
B&B	B&B	Paris Est Bondy	Bondy	France	118
B&B	B&B	Poitiers 1	Chasseneuil-du-Poitou	France	70
B&B	B&B	Poitiers 2	Chasseneuil-du-Poitou	France	72
B&B	B&B	Poitiers 3	Chasseneuil-du-Poitou	France	76
B&B	B&B	Porte des Lilas	Paris	France	265
B&B	B&B	Rennes Cesson-Sévigné	Cesson-Sévigné	France	91
B&B	B&B	Rennes Saint-Grégoire	Saint-Grégoire Cedex	France	71
B&B	B&B	Roubaix	Roubaix	France	85
B&B	B&B	Rouen Parc des Expositions	Le Grand-Quevilly	France	60

Tenants	Brand	Asset name	Town/City	Country	Number of rooms
B&B	B&B	Rouen Saint-Étienne-du-Rouvray	St-Sébastien-sur-Loire	France	57
B&B	B&B	Saint-Michel-sur-Orge	Saint-Michel-sur-Orge	France	70
B&B	B&B	Saint-Quentin	Saint-Quentin	France	54
B&B	B&B	Saint-Witz	Saint-Witz	France	42
B&B	B&B	Salon Provence	Salon-de-Provence	France	83
B&B	B&B	Sophia Antipolis Le Biot	Biot	France	67
B&B	B&B	Sophia Antipolis Le Relais	Biot	France	47
B&B	B&B	Tours Nord 1	Tours	France	61
B&B	B&B	Tours Nord 2	Tours	France	70
B&B	B&B	Tours Sud	Joué-lès-Tours	France	72
B&B	B&B	Troyes Barberey	Barberey-Saint-Sulpice	France	64
B&B	B&B	Troyes Saint-Parres	St-Parres-aux-Tertres	France	69
B&B	B&B	Valenciennes Marly	Marly	France	83
B&B	B&B	Vannes Est	Vannes	France	71
B&B	B&B	Vefa Lyon Caluire	Caluire-et-Cuire	France	120
B&B	B&B	Vefa Porte De Choisy	Ivry-sur-Seine	France	182
B&B	B&B	Vefa Romainville	Noisy-le-Sec	France	107
B&B	B&B	Vefa Torcy	Torcy	France	130
B&B	B&B	B&B Krakow	Krakow	Poland	130
B&B	B&B	B&B Lodz	Lodz	Poland	149
B&B	B&B	B&B Warsaw	Warsaw	Poland	154
Barcelo	Barcelo Hotels & Resorts	Barcelo Corralejo Bay	Fuerteventura	Spain	241
Barcelo	Barcelo Hotels & Resorts	Barcelo Castellana Norte	Madrid	Spain	144
Barcelo	Barcelo Hotels & Resorts	Barcelo Torre De Madrid	Madrid	Spain	256
Club Med	Club Med	Club Med Samoëns	Samoëns	France	420
Club Med	Club Med	Da Balaia	Albufeira	Portugal	372
Hotusa	Eurostars Hotels	Eurostars Grand Marina	Barcelona	Spain	291
Hotusa	Eurostars Hotels	Eurostars Executive Barbera	Barcelona	Spain	118
Hotusa	Exe Hotels	Exe Plaza Castilla	Madrid	Spain	262
IHG	Indigo	Hotel Indigo Leeds	Leeds	UK	120
IHG	InterContinental	InterContinental Edinburgh George Street	Edinburgh	UK	240
IHG	Kimpton	Kimpton London	London	UK	334
IHG	Kimpton	Kimpton Manchester	Manchester	UK	270
IHG	Kimpton	Kimpton Edinburgh Charlotte Square	Edinburgh	UK	199
IHG	Kimpton	Kimpton Glasgow Blythswood Square	Glasgow	UK	113
IHG	Voco	Voco Oxford Spires	Oxford	UK	181
IHG	Voco	Voco Oxford Thames	Oxford	UK	104
IHG	Voco	Voco Cardiff	Cardiff	UK	142
IHG	Voco	Voco York	York	UK	155
IHG	Voco	Voco Glasgow Grand Central	Glasgow	UK	243
IHG	Independent	Wotton House	Wotton	UK	125
IHG	Holiday Inn	Holiday Inn Ciudad De Las Artes	Valencia	Spain	100
IHG	Holiday Inn	Holiday Inn Tres Cantos	Madrid	Spain	61
Independent	Independent	Paseo Del Arte	Madrid	Spain	260
Senator Hotels	Playa Senator	Playa Capricho	Roquetas De Mar	Spain	323
Hotusa	Tryp	Tryp Almussafes	Almussafes	Spain	133
MEININGER	MEININGER	MEININGER Munich	Munich	Germany	173

Tenants	Brand	Asset name	Town/City	Country	Number of rooms
MEININGER	MEININGER	MEININGER Lyon Zimmermann	Lyon	France	176
MEININGER	MEININGER	MEININGER Porte De Vincennes	Paris	France	249
Melia	Tryp	Tryp Oceanic Valencia	Valencia	Spain	197
Melia	Tryp	Tryp Alameda Malaga	Malaga	Spain	132
Melia	Tryp	Tryp Aeropuerto Barcelona	Barcelona	Spain	205
Motel One	Motel One	Motel One Frankfurt Niederrad	Franckfurt	Germany	271
Motel One	Motel One	Motel One Berlin Mitte	Berlin	Germany	186
Motel One	Motel One	Motel One Porte Dorée	Paris	France	255
NH Hotel Group	NH	NH Frankfurt	Franckfurt	Germany	165
NH Hotel Group	NH	NH Düsseldorf	Düsseldorf	Germany	111
NH Hotel Group	NH	NH Stuttgart	Stuttgart	Germany	208
NH Hotel Group	NH	NH Nuremberg	Nuremberg	Germany	244
NH Hotel Group	NH	NH Oberhausen	Oberhausen	Germany	171
NH Hotel Group	NH	NH Berlin City Ost	Berlin	Germany	99
NH Hotel Group	NH	NH Hamburg Mitte	Hamburg	Germany	134
NH Hotel Group	NH	NH Collection Colon	Madrid	Spain	146
NH Hotel Group	NH	NH Amersfoort	Amersfoort	Netherlands	114
NH Hotel Group	NH	NH Amsterdam	Amsterdam	Netherlands	232
NH Hotel Group	NH	NH Amsterdam Noord	Amsterdam	Netherlands	290
Pierre & Vacances	Sunparks	Kempense Meren	Kempense Meren	Belgium	594
Pierre & Vacances	Sunparks	Oostduinkerke	Oostduinkerke	Belgium	283
Subtotal leased assets					**313**

Managers	Brand	Asset Name	Town/City	Country	Number of rooms
Event Hotels	Ibis	Ibis Dresden	Dresden	Germany	612
Event Hotels	Mercure	Mercure Potsdam City	Potsdam	Germany	210
Event Hotels	Pullman	Pullman Dresden Newa	Dresden	Germany	319
Accor	Pullman	Pullman Roissy	Roissy	France	305
TIFCO	Hilton	Hilton Dublin	Dublin	Ireland	120
So Hospitality*	Crowne Plaza	Crowne Plaza Brussels Airport	Brussels	Belgium	315
So Hospitality*	Crowne Plaza	Crowne Plaza	Lille	France	121
So Hospitality*	Holiday Inn	Holiday Inn Picardy	Le Touquet	France	88
So Hospitality*	Independent	Grand Hôtel Bellevue	Lille	France	60
So Hospitality*	Independent	Art Déco	Lille	France	56
So Hospitality*	Independent	Couvent des Minimes	Lille	France	83
So Hospitality*	Autograph C.	Bourgtheroulde	Rouen	France	78
So Hospitality*	Autograph C.	Hermitage Gantois	Lille	France	88
Marriott	Meridian	Méridien Nice	Nice	France	318
Event Hotels	Westin	The Westin Grand Berlin	Berlin	Germany	400
Event Hotels	Westin	The Westin Leipzig	Leipzig	Germany	436
Event Hotels	Park Inn	Park Inn Alexander Platz	Berlin	Germany	1,028
Radisson Hotel Group	Park Inn	Park Inn Leuven	Leuven	Belgium	133
Event Hotels	Radisson Blu	Radisson Blu Leipzig	Leipzig	Germany	214
Event Hotels	Radisson Blu	Radisson Blu Erfurt	Erfurt	Germany	282
Subtotal operating properties					**20**
TOTAL HOTEL REAL ESTATE ASSETS					**333**
TOTAL ROOMS					**45,768**

* internal management platform wholly-owned by Covivio Hotels.

1.2.2.3 Partnership with AccorInvest, an Accor subsidiary, 30% owned

In 2005, the year of the first investment transaction, Covivio Hotels and the AccorInvest Group signed a partnership agreement to optimise the performance of leases and occupancy agreements.

Regular committee meetings are held so that the parties can:

- decide which portfolio development initiatives to implement in the short and medium-term;
- analyse information on hotel management and the business;
- monitor the implementation of works programmes planned during transactions;
- decide on joint disposals of assets in the portfolio;
- discuss future development operations.

Plans to extend, develop or create new hotels are also regularly examined at partnership meetings.

Accor Group: key figures

(Source: Accor & AccorInvest website)

Accor is the sixth-largest hotel operator in the world and the market leader in Europe. It operates in 110 countries with 5,000 hotels and 39 brands.

Accor has a broad and unique portfolio of award-winning, complementary brands. These cover the entire spectrum from luxury to budget and are internationally recognised for their quality of service: Raffles, Fairmont, Sofitel, Pullman, Swissôtel, MGallery, Novotel, Suite Novotel, Mercure, Mama Shelter, Ibis, Ibis Styles, Ibis Budget and HotelF1. With 280,000 employees working for Accor brands worldwide, the group's customers and partners have been benefiting from its knowledge and expertise for almost 45 years.

Accor posted revenue of €4.0 billion in 2019, up 3.8% at like-for-like scope. Net income amounted to €0.5 billion. Overall RevPAR was up 1.7% year-on-year.

In 2018, Accor divested 65% of AccorInvest, its real estate division (retail premises and hotel operating properties). AccorInvest leases hotels owned by Covivio Hotels and owns or leases a portfolio of 847 hotels with 121,937 rooms in nearly 25 countries.

1.2.2.4 Partnership with B&B

Covivio Hotels has 160 B&B hotels, directly or indirectly owned in France, Germany, Spain and, since last year, Poland, valued at €1,002 million as at 31 December 2019.

The Covivio Hotels and B&B partnership was formed in 2011.

As part of this partnership, development and acquisition projects are regularly examined, in particular the operation signed in Poland in November 2019 covering three existing assets in Lodz, Warsaw and Krakow amounting to €24 million.

B&B Group: key figures

(source: B&B website)

The B&B Hôtels chain was established in France in 1989. Its pioneering concept proved an immediate success and is the reason for the company's continued growth. B&B opened its first hotel in Germany in 1998, in Italy in 2009 and crossed the milestone of 250 hotels in France in 2016. Today, the B&B Hôtels Group owns more than 500 hotels in 12 countries. In 2019, the chain was bought by Goldman Sachs from PAI Partners for €1.9 billion.

1.2.2.5 Partnership with IHG

Covivio Hotels has 14 hotels operated by IHG in the UK, France and Belgium. These were valued at €1,014 million as at 31 December 2019.

The partnership between Covivio Hotels and IHG began in 2018 with the acquisition of a portfolio of upscale hotels located in major cities in the UK. These assets, which recently underwent refurbishment, offer significant growth potential and a solid return. Through this partnership, IHG is able to develop its upscale and innovative brands in Europe: Voco and Kimpton

IHG Group: key figures

(source: IHG website)

The IHG Group is one of the world's leading hotel chains and operates in more than 100 countries with 883,563 rooms at the end of 2019. Its 2019 revenues exceeded $4.6 billion for an operating profit of $0.6 billion.

1.2.3 Portfolio of retail premises

1.2.3.1 Overview of the market

Commercial food service market

The commercial catering market in France remained buoyant in 2019, as consumer spending increased by +1.7% compared to 2018. Restaurant visits also increased throughout the year (+0.6% in the first quarter, then +1.2% and +1.5% in the next two quarters). However, the market remained particularly driven by the fast food segment, in which spending increased by +4.5% and visits by +2.6% (*source: NPD Group*).

Garden centre market

The garden centre market should continue to grow slightly, by an average 0.8% per year until 2022 (*source: Xerfi*).

1.2.3.2 Overview of the portfolio

At 31 December 2019, Covivio Hotels' portfolio of retail premises comprised 76 assets with an estimated value of €166 million. The portfolio consists of 54 restaurants belonging to the Courtepaille Group and 22 Jardiland assets.

List of restaurants held at 31/12/2019

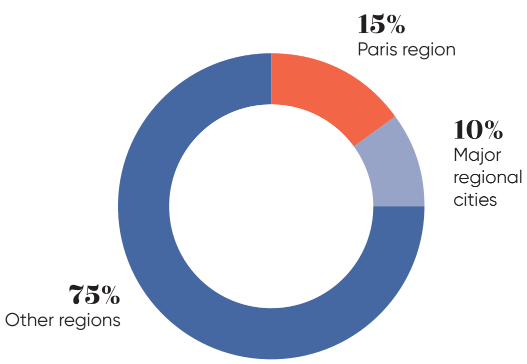
Brand	Town/City	Department
Courtepaille	Péronnas	Ain (01)
Courtepaille	Vallauris	Alpes-Maritimes (06)
Courtepaille	Aix-en-Provence	Bouches-du-Rhône (13)
Courtepaille	Vitrolles	Bouches-du-Rhône (13)
Courtepaille	Caen Nord	Calvados (14)
Courtepaille	Caen Mondeville	Calvados (14)
Courtepaille	Puiboreau	Charente-Maritime (17)
Courtepaille	Trégueux	Côtes-d'Armor (22)
Courtepaille	Valence	Drôme (26)
Courtepaille	Évreux	Eure (27)
Courtepaille	Chartres	Eure-et-Loir (28)
Courtepaille	Nîmes	Gard (30)
Courtepaille	Balma	Haute-Garonne (31)
Courtepaille	Toulouse Fenouillet	Haute-Garonne (31)
Courtepaille	Mérignac	Gironde (33)
Courtepaille	Béziers	Hérault (34)
Courtepaille	Chambray-lès-Tours	Indre-et-Loire (37)
Courtepaille	Voreppe	Isère (38)
Courtepaille	Bouguenais	Loire-Atlantique (44)
Courtepaille	Villemandeur	Loiret (45)
Courtepaille	Artenay	Loiret (45)
Courtepaille	La Chapelle-Saint-Mesmin	Loiret (45)
Courtepaille	Reims	Marne (51)
Courtepaille	Heillecourt	Meurthe-et-Moselle (54)
Courtepaille	La Charité-sur-Loire	Nièvre (58)
Courtepaille	Englos	Nord (59)
Courtepaille	Marcq-en-Barœul	Nord (59)
Courtepaille	Mouvaux	Nord (59)
Courtepaille	Villeneuve-d'Ascq	Nord (59)
Courtepaille	Fresnes-lès-Montauban	Pas-de-Calais (62)
Courtepaille	Sailly-Labourse	Pas-de-Calais (62)
Courtepaille	Pierre-Bénite	Rhône (69)
Courtepaille	Châlon-sur-Saône Nord	Saône-et-Loire (71)
Courtepaille	Crèches-sur-Saône	Saône-et-Loire (71)
Courtepaille	Saint-Saturnin	Sarthe (72)
Courtepaille	Le Grand-Quevilly	Seine-Maritime (76)
Courtepaille	Lognes	Seine-et-Marne (77)
Courtepaille	Mareuil-lès-Meaux	Seine-et-Marne (77)
Courtepaille	Moissy-Cramayel	Seine-et-Marne (77)
Courtepaille	Nemours	Seine-et-Marne (77)
Courtepaille	Guyancourt	Yvelines (78)
Courtepaille	Dury	Somme (80)
Courtepaille	Appoigny	Yonne (89)
Courtepaille	Guillon	Yonne (89)
Courtepaille	Lisses	Essonne (91)
Courtepaille	Les Ulis	Essonne (91)

Brand	Town/City	Department
Courtepaille	Linas	Essonne (91)
Courtepaille	Rosny-sous-Bois	Seine-Saint-Denis (93)
Courtepaille	La Plaine-Saint-Denis	Seine-Saint-Denis (93)
Courtepaille	Créteil	Val-de-Marne (94)
Courtepaille	Rungis	Val-de-Marne (94)
Courtepaille	Limoges	Haute-Vienne (87)
Courtepaille	Brie Comte Robert	Seine-et-Marne (77)
Courtepaille	Cergy-Pontoise	Val-d'Oise (95)
TOTAL RESTAURANT ASSETS		**54**

List of garden centres held at 31/12/2019

Brand	Town/City	Department
Jardiland	Lescure d'Albigeois	Tarn (81)
Jardiland	Handle	Rhône (69)
Jardiland	Bassussary	Pyrénées-Atlantiques (64)
Jardiland	La Chaussée St-Victor	Loir-et-Cher (41)
Jardiland	St-Germain-du-Puy	Cher (18)
Jardiland	Calais	Pas-de-Calais (62)
Jardiland	Chancelade	Dordogne (24)
Jardiland	Charmeil	Allier (3)
Jardiland	Châteaudun	Eure-et-Loir (28)
Jardiland	Châtellerault	Vienne (86)
Jardiland	Dammaris-les-Lys	Seine-et-Marne (77)
Jardiland	Domerat	Allier (3)
Jardiland	Grande Synthe	Nord (59)
Jardiland	St-Saturnin	Sarthe (72)
Jardiland	Lempdes	Puy-de-Dôme (63)
Jardiland	Limoges	Haute-Vienne (87)
Jardiland	Montauban	Tarn-et-Garonne (82)
Jardiland	Nîmes	Gard (30)
Jardiland	Saintes	Charente-Maritime (17)
Jardiland	Saran	Loiret (45)
Jardiland	Naveil	Loir-et-Cher (41)
Jardiland	Tarbes	Hautes-Pyrénées (65)
TOTAL GARDEN CENTRE ASSETS		**22**

Geographic breakdown of retail premises by value as at 31/12/2019 (total: €166 million)



1.2.3.3 Partnerships with retail premises

The portfolio of retail premises held by Covivio Hotels comprises 54 Courtepaille restaurants and 22 Jardiland garden centres. At 31 December 2019, the portfolio was valued at €166 million, down from the previous year (- 3.8%), with an average yield of 7.3% excluding duties.

Courtepaille: key figures

(Source: Courtepaille website)

The Courtepaille Group, founded in 1961, runs more than 300 restaurants in France. It is the largest historic commercial catering chain in France, and generates more than €300 million in annual revenues (including tax) under the Courtepaille brand. The group's restaurants are mainly located on the outskirts of towns and cities, along major arterial roads and in prominent business and leisure parks.

Jardiland: key figures

(Source: Jardiland website)

Jardiland is a specialised distribution company with 45 years' experience in gardening, pets and the art of living. The network includes nearly 200 stores across Europe (France, Spain, Portugal, Switzerland and Belgium). In 2017, Jardiland received the Best Garden and Pet Store Chain award.

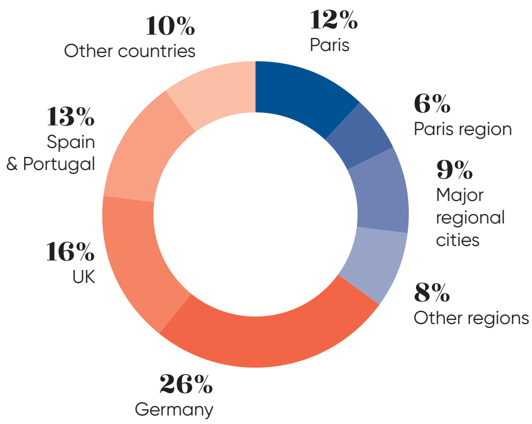
1.3 Portfolio

As at 31 December 2019, Covivio Hotels owned a portfolio of 409 assets (including 333 hotels) valued at a total of €6,693 million, or a Group share of €5,973 million (excluding duties), up 5.5% on 2019 at like-for-like scope. These are freehold assets.

1.3.1 Geographic breakdown

The geographic breakdown of the Covivio Hotels portfolio by region is as follows:

Geographic breakdown of the portfolio as a % of value at 31/12/2019



The overall breakdown of the portfolio highlights the company's geographic diversification strategy, with 18% in Paris and the surrounding region, 9% in major regional cities in France and 65% abroad, mostly in major European cities.

1.3.2 Breakdown of revenue

Group share of revenue rose 6.0% (1.0% at like-for-like scope) to stand at €292.5 million, compared with €275.9 million at 31 December 2018. This performance is due to the combined effect of:

- acquisitions and deliveries of assets under development (+€42.8 million);
- disposals made in 2018 and 2019 (-€28.2 million);
- the increase in rents and Ebitda on a like-for-like basis (+€2.0 million) mainly related to the dynamics of hotel operating properties in Germany.

Covivio Hotels has excellent visibility over its future cash flows, given the signing of firm long-term leases with tenants who have a solid credit rating and are leaders in their industries. In 2019, for example, Covivio Hotels signed two additional 25-year firm leases on IHG hotels in the United Kingdom.

The average remaining term of firm leases in the Covivio Hotels portfolio was 13.5 years as at 31 December 2019.

Reconciliation of Group share of revenue at 31/12/2019 and revenue in the consolidated financial statements (see Section 3.2.7.1.1)

(in €M)	2019 revenue consolidated financial statements	Non-controlling interest	2019 revenue Group share
Hotel real estate (rental income)	233.0	- 20.3	212.6
Hotels under management (EBITDA)	69.8	- 2.4	67.4
Retail premises (rental income)	12.5	–	12.5
TOTAL	**315.3**	**- 22.7**	**292.5**

Annualised revenues

Group share of annualised revenues amounted to €306.0 million at the end of December 2019, the details of which are as follows:

Breakdown by business segment

(in €M)	Number of rooms	Number of assets	2018 annualised revenues	2019 annualised revenues	As % of total rental income
Hotel real estate (rental income)	40,502	313	206.4	223.8	73.1%
Retail premises (rental income)	–	76	12.7	12.1	4.0%
TOTAL	**40,502**	**389**	**219.2**	**236.0**	**77.1%**
Hotels under management (EBITDA)	5,266	20	66.2	70.1	22.9%
TOTAL	**45,768**	**409**	**285.4**	**306.0**	**100%**

Breakdown by geographic location

(in €M)	Number of rooms	Number of assets	2018 annualised revenues	2019 annualised revenues	As % of total rental income
Paris	5,557	19	26.4	30.8	10.0%
Inner rim	*1,775*	*8*	*3.4*	*5.6*	*1.8%*
Outer rim	*3,699*	*36*	*10.4*	*10.4*	*3.4%*
TOTAL PARIS REGIONS	**11,031**	**64**	**40.2**	**46.8**	**15.3%**
Major regional cities	6,921	61	20.5	21.9	7.2%
Other French Regions	5,281	68	16.2	11.9	3.9%
Rest of world	17,269	119	129.5	143.2	46.8%
TOTAL HOTELS LEASE PROPERTIES	**40,502**	**313**	**206.4**	**223.8**	**73.1%**
Retail premises (rental income)	–	76	12.7	12.1	4.0%
Hotels under management (EBITDA)	5,266	20	66.2	70.1	22.9%
TOTAL	**45,768**	**409**	**285.4**	**306.0**	**100%**

Breakdown by tenant/operator

(in €M)	Number of rooms	Number of assets	2018 annualised revenues	2019 annualised revenues	As % of total rental income
Accor	17,590	110	68.5	77.8	25.4%
IHG	2,625	14	45.8	51.0	16.7%
B&B	14,148	159	41.4	36.2	11.8%
RHG	1,657	4	22.7	26.5	8.7%
Marriott	1,320	5	23.1	20.4	6.7%
NH Hotel Group	1,914	11	18.2	19.6	6.4%
Hotusa	671	3	8.3	8.4	2.7%
Barcelo	641	3	7.8	7.4	2.4%
Club Med	792	2	5.9	7.5	2.5%
AC Hotels	368	1	6.1	6.1	2.0%
Melia	534	3	4.4	4.3	1.4%
Motel One	712	3	4.3	4.3	1.4%
Louvre Hotels	0	0	2.4	0.0	0.0%
MEININGER	598	3	0.0	6.2	2.0%
Sunparks	877	2	6.5	7.1	2.3%
Independent	1,201	9	7.5	11.1	3.6%
Retail	–	76	12.7	12.1	4.0%
TOTAL	**45,768**	**409**	**285.4**	**306.0**	**100%**

1.3.3 Lease schedule

The remaining lease term was 13.5 years at 31 December 2019, including 13.7 years for hotels, compared with 13.4 years at 31 December 2018.

(in €M)	By lease end date	As % of the total
2020	0.8	0.3%
2021	7.8	3.3%
2022	7.8	3.3%
2023	9.6	4.1%
2024	2.3	1.0%
2025	6.2	2.6%
2026	1.6	0.7%
2027	3.6	1.5%
2028	6.9	2.9%
2029	40.6	17.2%
Beyond	148.9	63.1%
TOTAL RENTAL INCOME	**236.0**	**100%**

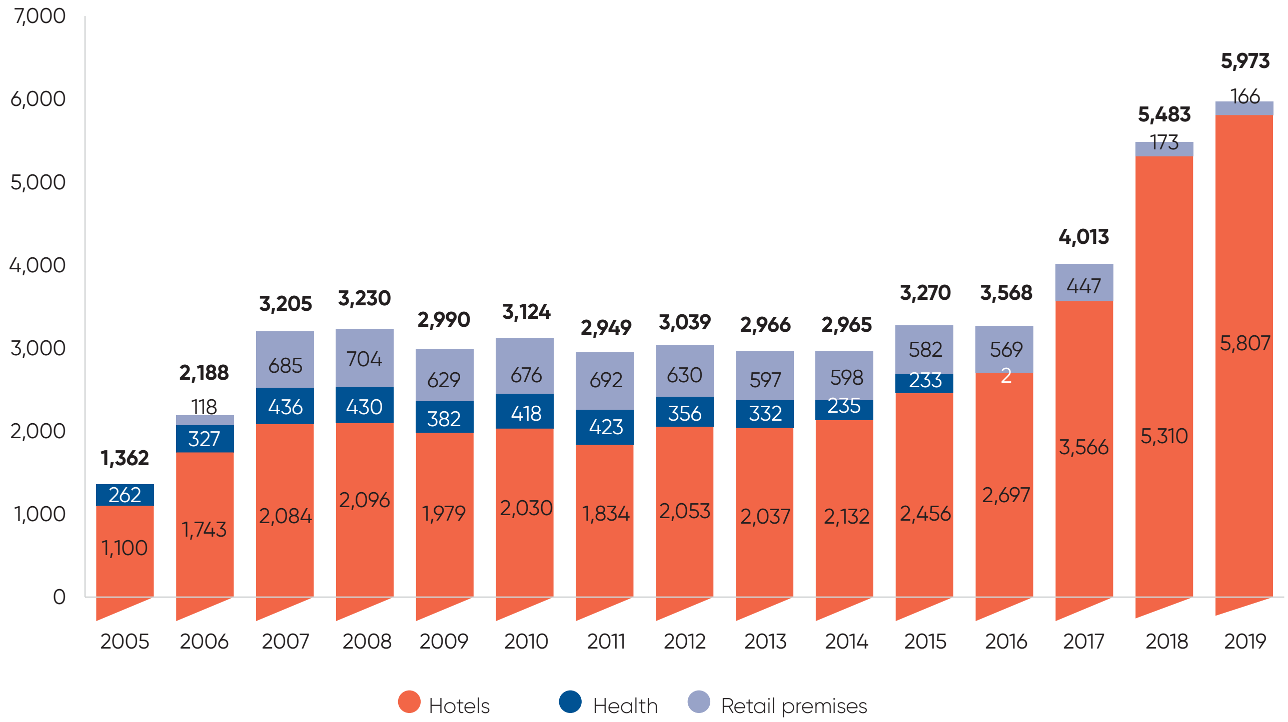
1.3.4 Occupancy rate

The occupancy rate measures the ratio between the average rental value of the occupied space and the average rental value of the overall portfolio, expressed as a percentage.

The structural rate has been 100% since the company's creation.

1.4 Valuation of assets and NAV

Change in Group share of the portfolio by value excluding duties (in €M)



Reconciliation of Group share of portfolio value as at 31/12/2019 and the value of real estate assets in the consolidated financial statements (see Section 3.2.6.1.2)

Portfolio (as of 31/12/2019)	€5,973 million
Right-of-use on investment properties	+€203 million
Right-of-use on operating assets	+€27 million
Equity affiliates > 30%	-€176 million
Non-accrued goodwill of operating property assets	-€112 million
REAL ESTATE ASSETS GROUP SHARE	**€5,915 MILLION**
Companies' fully consolidated non-controlling interest	+€342 million
100% REAL ESTATE ASSETS – IFRS ACCOUNTS	**€6,257 MILLION**

1.4.1 Appraisals

As at 31 December 2019, the appraisal value excluding duties totalled €6,693 million, or a Group share of €5,973, compared with €5,483 million as at 31 December 2018. This increase is the result of the investments made in the hotel industry in Europe and the like-for-like growth of +5.5% of our hotels located in major European cities, offsetting the impact of disposals.

Change in asset value and capitalisation rate

	Value excluding duties 2018	Value excluding duties 2019	Var. 12 months at like-for-like scope	Target Yield 2018	Target Yield 2018	As % of total value
Hotels (leased properties and hotels under management)	5,200	5,802	5.5%	5.4%	5.2%	97%
Development portfolio	110	5	15.3%	n.a.	n.a.	0%
Total Hotels	**5,310**	**5,807**	**5.5%**	**5.4%**	**5.2%**	**97%**
Retail premises	173	166	- 3.8%	7.3%	7.3%	3%
TOTAL	**5,483**	**5,973**	**5.2%**	**5.5%**	**5.3%**	**100%**

2019 (in €M)	Value excluding duties	Value including duties
Hotels (leased properties and hotels under management)	5,807	6,139
Retail premises	166	178
TOTAL	**5,973**	**6,317**

The value excluding duties is calculated by deducting a percentage from the value inclusive of duties ranging from 1.8% to 7.6% for France (depending on the *Département*), 2.5% for Belgium, 6.0% in the Netherlands, 4.5% to 8.6% for Germany (depending on the Land), 1.5% to 3.4% for Spain, 6.8% for the UK (6.3% for Scottish assets) and 7.0% for Portugal.

1.4.1.1 Asset valuation method

The overall portfolio is appraised by independent experts on a half-yearly basis (30 June and 31 December), and according to the calculation methods determined by an internal set of specifications based on the guidelines of the oversight bodies:

- recommendation of the French *Autorité des marchés financiers* (AMF);
- instructions from the COB report of 3 February 2000 on real estate appraisals ("Report from the Working Group on expert appraisals of the real estate portfolios of companies issuing public calls for savings" chaired by Georges Barthès de Ruyter).

Covivio also abides by the Listed Real Estate Investment Company (SIIC) Code of Ethics applicable to FSIF (French Federation of Real Estate and Property Management Companies) member companies, particularly in terms of real estate appraisals.

Moreover, most of the French real estate appraisers selected – i.e. BNP Real Estate Valuation, Cushman & Wakefield Valuation, CBRE and Crédit Foncier Expertise – are members of AFREXIM (*Association française des experts immobiliers* – French Association of Real Estate Appraisers), and are considered as such under the real estate appraisal charter endorsed by AFREXIM. As a result of this, the experts adhere to the various French standards. Their valuation methods comply with the RISC and IVSC international codes of conduct, in the same way as foreign appraisers.

Whenever a new asset is acquired or a new appraiser appointed, the asset undergoes a complete appraisal. Interim appraisals are carried out for discounting purposes. Site visits may also be made.

A complete appraisal consists of:

- preparation of a file including the legal, technical and financial documents required to objectively analyse the factors that enhance or reduce the value of the assets under consideration;
- an internal visit of the premises and their environment;
- research and analysis of comparison factors;
- drafting of a report in which the final appraisal must be consistent with the aforementioned observations, and a relevant analysis of the category market in question.

Leasing revenue discount method

This approach consists of capitalising the income originating from or likely to originate from the property at an appropriate rate: this rate is based on proven returns, the characteristics of the asset and its estimated potential. It is based on an analysis of sales of other leased real estate properties and must be applied within a general context of expected returns from the various investments in a given economic environment.

The main criteria for choosing yield rates are as follows:

- geographic location;
- age and condition of the property complex;
- possibility of converting the property complex;
- size and profitability of the establishment.

Discounted Cash Flow (DCF) method

This method takes into consideration future revenue, including billed rental income, anticipated rental income, and work under contract for the lessor and residual gains from any sale at the end of the holding period. This method consists of discounting to present value the flows generated by the asset over a minimum of 10 years and adding in the present exit value of the assets in the 10th year.

For assets where Covivio does not own the land, no residual exit value is added if the remaining lifetime of the contract is less than 30 years.

Unit value comparison method

This method consists in referring to the sale prices found on the market for equivalent assets. The comparison factors used derive specifically from internal databases in which each reference is analysed, classified by situation and by category, and expressed in gross surface units or weighted surface units.

It is more a method of cross-checking the two methods described above, than a principal method.

Specific cases of assets in which Covivio does not own the land

Cases of temporary occupancy authorisation, long-term leases conferring ad rem rights, and construction leases:

These contracts transfer the right of ownership of the property to the lessor or concession holder at the end of the lease, without compensation for the tenant or beneficiary.

Uncertainty is always a factor in this type of contract, and although a preferential right or right of first refusal is often granted by the outgoing lessor or concession holder where the lease is due to be renewed upon expiration, there is no full and complete title to the property and the tenant – in this case Covivio – may have to purchase the asset at market price, sign a simple commercial lease with the new owner, or simply be forced to vacate the property without compensation of any kind.

The inclusion of a resale value to term (residual value) is therefore not possible for this type of contract, unless the residual value of the construction lease or long-term lease conferring ad rem rights is sufficient to offset the acquisition or construction cost over a typical holding period, while allowing a potential buyer a normal operating period. The appraisers believe that below a residual lifetime of 30 years, the asset valuation method for this type of contract should be limited to discounting rental income to term. This is the case, for example, for the Ibis Strasbourg Centre Ponts Couverts, whose lease expires in 2045.

Revenue projections for hotels are made on the basis of site visits, investment plans (construction and refurbishment) and market data. The distribution of revenue between accommodation and other sources of revenue (restaurants, bars, etc.) is in proportion to the average distribution in previous years.

To set the value, given the term of the leases and, for Accor, the specific nature of rental income based on revenue, the DCF method was over-weighted, since it reflected a more dynamic approach to operations.

Land/building distribution: based on the value and floor area of the establishment, the estimated breakdown between land and buildings was carried out according to the AFREXIM ratio method for commercial or mixed-used urban developments for buildings with a lifetime of more than 30 years.

Components method: the estimated distribution between the various building elements and their average age was carried out according to the ratios recommended by the FSIF and on the basis of technical information supplied by inspection questionnaires.

Hotel valuations in Belgium

The appraisals were carried out in accordance with national and international standards (International Valuation Standards) and their implementing procedures, particularly regarding estimates for property investment funds.

The investment value is defined as the most probable value that might be reasonably obtained under normal sale conditions between consenting and informed parties, less transaction fees. It is based on the discounted value of future net rental income for each property.

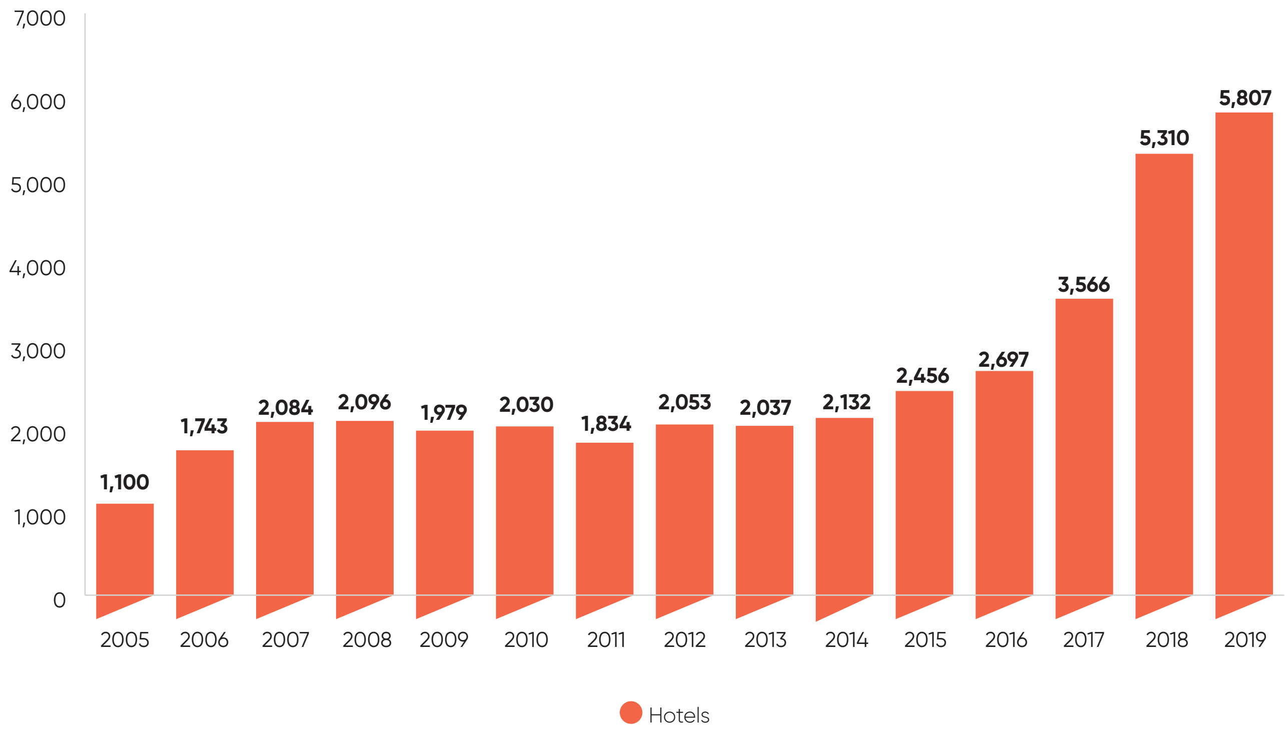
In theory, the sale of a property is subject to the French Government receiving transaction fees. The amount of duty depends on the type of sale, the buyer and the location. The first two conditions are only known, and therefore the amount of duties to be paid, once the sale has been completed. An analysis of past sales in the Belgian market reveals average transaction fees of 2.5%.

The probable realisable value of properties valued at more than €2.5 million, less transaction fees, corresponding to fair value as defined by IAS/IFRS, may thus be obtained by deducting from the investment value transaction fees equivalent to 2.5%.

1.4.1.2 Valuation of hotel real estate

The asset valuations in the hotel sector were carried out by BNP Paribas Real Estate Valuation, Cushman & Wakefield, CBRE Valuation, Crédit Foncier Expertise and MKG for hotels in France, by CBRE Valuation, BNP Paribas Real Estate Valuation, MKG and Cushman & Wakefield for Belgian assets, by BNP Paribas Real Estate Valuation, Christie & Co, CBRE Valuation, and Cushman & Wakefiled for German and Spanish assets, Christie & Co and Cushman & Wakefield for Dutch assets, by HVS for assets in the United Kingdom and by Cushman & Wakefield for Portuguese assets.

The change in value of the Covivio Hotels portfolio in the hotel real estate segment is shown below (€ million):

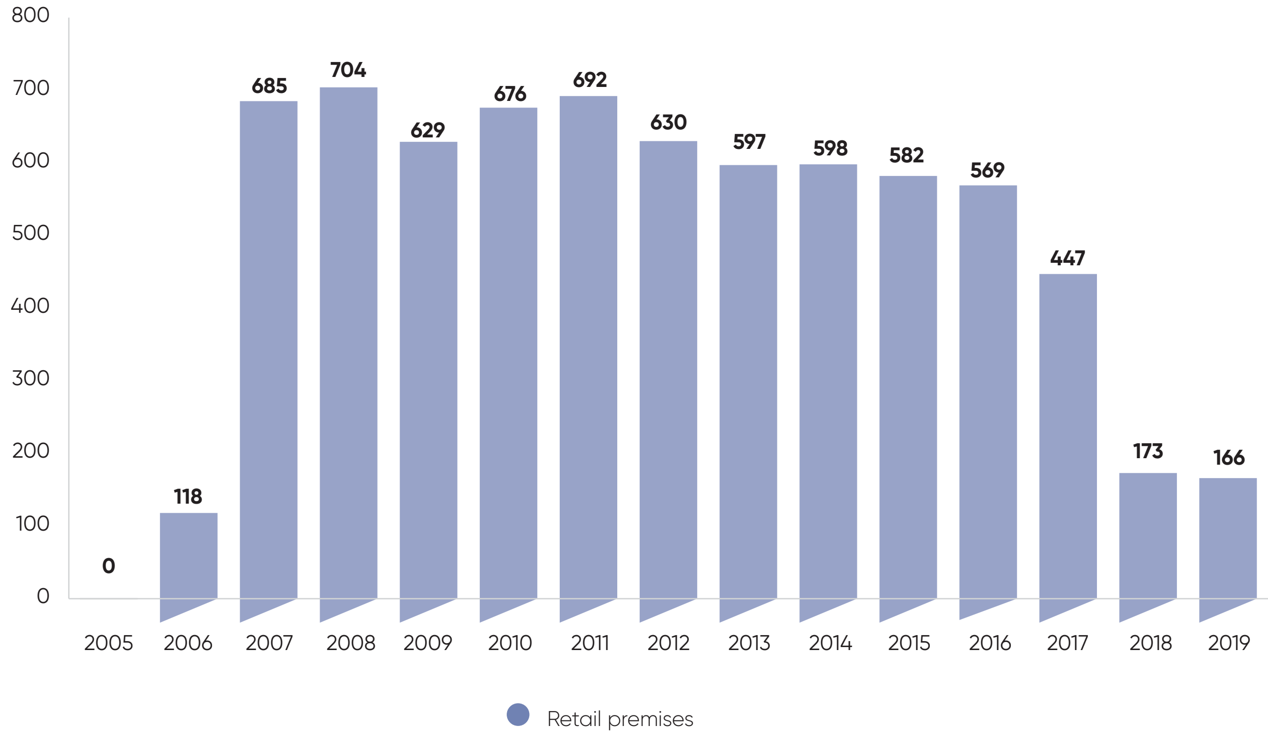


Appraisal values were up 5.5% at like-for-like scope. This was mainly driven by assets under development (+15.3%) and value creation on assets abroad, notably in Germany (+11.3%), France (+4.4%) and Spain (+4.6%).

1.4.1.3 Valuation of retail premises

The appraisals were carried out by Crédit Foncier Expertise for the Courtepaille and Jardiland assets.

The portfolio value has changed as follows (€ million):



In the retail premises segment, the 3.8% reduction in values at like-for-like scope was due to the fall in value of the assets of Courtepaille (- 4.3%) and Jardiland (- 3.3%) at like-for-like scope.

1.4.1.4 Summary of expert appraisals

Business sector	Country	Appraisers	Appraisal values in Group share (in €K)	% of total portfolio value
Hotels	France	BNP Paribas Real Estate	104,320	2%
	France	CBRE	633,597	11%
	France	Crédit Foncier Expertises	633,900	11%
	France	Cushman & Wakefield	485,999	8%
	France	MKG	88,964	1%
	Germany	BNP Paribas Real Estate	165,327	3%
	Germany	Cushman & Wakefield	196,000	3%
	Germany	CBRE	836,816	14%
	Germany	Christie & Co	263,253	4%
	Belgium	CBRE	156,429	3%
	Belgium	Cushman & Wakefield	57,600	1%
	Belgium	MKG	19,668	0%
	Belgium	BNP	112,148	2%
	Netherlands	Christie & Co	139,770	2%
	Netherlands	Cushman & Wakefield	13,000	0%
	Portugal	Cushman & Wakefield	80,600	1%
	Spain	Cushman & Wakefield	655,100	11%
	Spain	BNP Paribas Real Estate	13,108	0%
	UK	HVS	965,686	16%
Retail premises	France	Crédit Foncier Expertises	165,420	3%
Assets not subjected to an appraisal			186,569	3%
TOTAL			**5,973,274**	**100%**

The summary appraisal report is available in the "Information and management" section in Chapter 5.6 of this Universal Registration Document.

1.4.1.5 Appraisers' details

Appraisers	Address
BNP Paribas Real Estate Valuation	167, quai de la Bataille de Stalingrad – 92867 Issy-les-Moulineaux
CBRE Valuation	76, rue de Prony – 75017 Paris
Crédit Foncier Expertises	24, rue des Capucines – 75009 Paris
Christie & Co	10, rue Lafayette – 75009 Paris
Cushman & Wakefield Valuation France	Opus 12, 77, esplanade du Général de Gaulle – 92081 Paris La Défense
MKG	5, rue Dantzig – 75015 Paris
HVS	7–10 Chandos Street, Cavendish Square – London W1G 9DQ

The appraisers' fees are calculated on a fixed basis and totalled €930,000 in 2019. For each company, the fees charged represent less than 10% of their revenue.

1.4.2 NAV – EPRA format

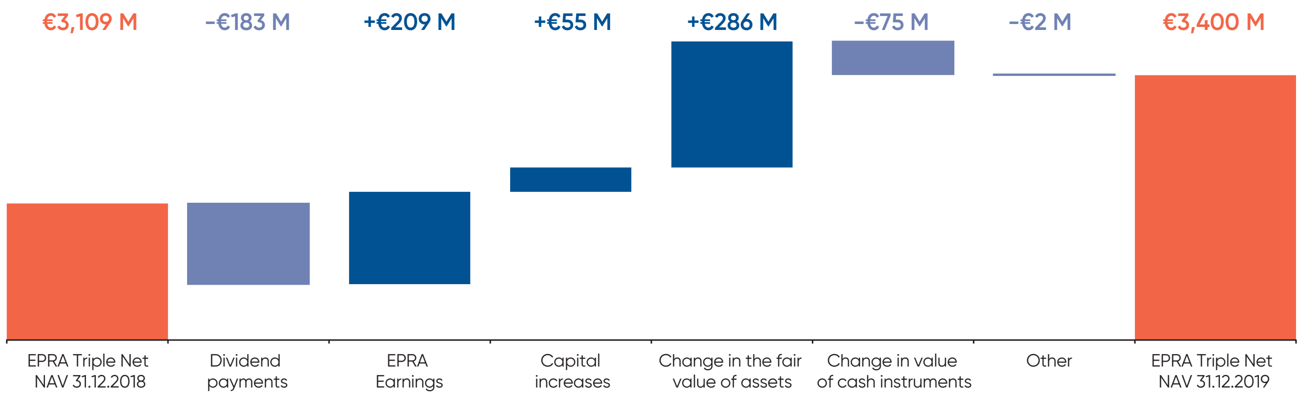
At 31 December 2019, EPRA NAV stood at €3,815.2 million (or €31.5 per share), an increase of 12.0% over 2018. EPRA Triple Net NAV stood at €3,400.1 million (or €28.1 per share), up 9.3% over 2018.

The calculation of NAV and its year-on-year change is as follows:

(in €M)	31/12/2019	31/12/2018	Change
Group consolidated shareholders' equity	**3,278.0**	**3,038.8**	**239.1**
Portfolio duties United Kingdom	58.2	47.4	10.9
Fixed-rate debt*	- 26.5	- 15.6	- 10.8
Fair value of Operating property assets*	90.4	38.9	51.5
EPRA Triple Net NAV	**3,400.1**	**3,109.5**	**290.6**
Hedging instruments	115.6	46.7	69.0
Deferred tax liabilities	299.4	249.7	49.7
EPRA NAV	**3,815.2**	**3,405.9**	**409.3**
Number of shares at period end*	121,036,633	118,053,046	2,983,587
EPRA Triple Net NAV/share (€)	**28.1**	26.3	1.8
EPRA NAV/share (€)	**31.5**	28.9	2.6

* excluding treasury shares

The change in EPRA Triple Net NAV between 31 December 2018 and 31 December 2019 is as follows:



NAV calculation method

NAV basis – Shareholders' equity

The entire real estate portfolio held by Covivio Hotels was valued at 31 December 2019 by real estate appraisers, most of whom are AFREXIM members, in compliance with common specifications prepared by the company in accordance with professional practices.

The assets were estimated at values excluding and/or including duties, and rents at market value. Where a sale has been agreed, the assets are valued at the price stated in the preliminary sale agreement.

The other assets and liabilities are valued on the basis of IFRS values in the consolidated financial statements; fair value is essentially applied to the valuation of debt hedges.

The level of exit tax is known and accounted for in the financial statements for all companies that have opted for the fiscal transparency regime.

Adjustments made for the calculation of EPRA NAV

In line with the EPRA Best Practice Recommendations, EPRA NAV is calculated by restating shareholders' equity for the impact of financial instruments and deferred tax.

1.5 Financial results

1.5.1 Consolidated financial statements as at 31 December 2019

1.5.1.1 General 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), IAS (International Accounting Standards) and their interpretations.

The annual consolidated financial statements were prepared in compliance with international accounting standard IAS 1 "Presentation of Financial Statements", as adopted by the European Union.

1.5.1.2 Scope of consolidation

The accounts of the Covivio Hotels Group are fully consolidated by the Covivio Group, the parent company of Covivio Hotels, which in turn is an associate of Delfin.

At 31 December 2019, the scope of consolidation comprised 162 companies, compared with 146 companies at 31 December 2018. On 1 July 2019, Covivio Hotels Group made an investment in a portfolio of 34 assets in France and Belgium for €171 million. These investments gave holdings of 31.15% and 33.33%. They were accounted for under the equity method as at 31 December 2019.

The scope and methods of consolidation are detailed in part 3.2 – Notes to the consolidated financial statements (see Section 3.2.3.5).

1.5.1.3 Consolidated income statement

The consolidated financial statements to 31 December 2019 indicate a net profit, Group share of €352.3 million.

The following table presents the main aggregates of the consolidated income statement.

(in €M)	2018	2019	Var.
Net Rental Income	224.9	240.3	15.4
Managed hotel income	74.5	69.9	- 4.6
Operating income	241.3	257.0	15.7
Income from value adjustments	99.9	245.0	145.1
Income from disposals	- 28.1	16.1	44.2
Operating income (loss)	313.0	518.2	205.1
Net financial income/(charges)	- 77.9	- 131.5	- 53.6
Income (loss) of companies accounted for under the equity method	8.7	20.4	11.7
Taxes	- 16.7	- 15.0	1.7
Consolidated net income	**227.2**	**392.0**	**164.8**
Non-controlling interests	- 33.2	- 39.8	- 6.6
NET INCOME GROUP SHARE	**194.0**	**352.3**	**158.3**

1.5.1.4 Consolidated income statement – Group share

	Figures, Group share		
(in €M)	2018	2019	Var.
Net Rental Income	199.4	220.0	20.6
Managed hotel income	71.5	67.4	- 4.1
Operating income	216.9	240.9	24.0
Income from value adjustments	83.8	221.7	137.9
Income from disposals	- 28.1	8.6	36.7
Operating income (loss)	272.6	471.2	198.7
Net financial income/(charges)	- 70.9	- 125.4	- 54.5
Income (loss) of companies accounted for under the equity method	8.7	20.4	11.8
Taxes	- 16.4	- 14.0	2.4
NET INCOME GROUP SHARE	**194.0**	**352.3**	**158.3**

Taking into account Covivio Hotels' acquisition of 50.2% of B&B assets in France in 2012, the concept of "Group share" was introduced in the overview of the financial statements and indicators from fiscal year 2012. By reporting on a Group share basis, all aggregates can be weighted according to the percentage ownership. In 2019, the Covivio Hotels Group bought 25% of SAS Samoëns shares back from Caisse des Dépôts and now owns 50.1% of this company.

As a reminder, the fully consolidated (but not wholly owned) companies are:

- SAS Samoëns (Club Med Samoëns): 50.1%;
- Foncière B4 HOTEL INVEST: 50.2%;
- Foncière B2 HOTEL INVEST: 50.2%;
- OPCI B2 HOTEL INVEST: 50.2%;
- Foncière B3 HOTEL INVEST: 50.2%;
- MO Dreilinden: 94.0%;
- MO Berlin and Koln: 94.0%;
- B&B Invest Lux 5: 93.0%;
- B&B Invest Lux 6: 93.0%;
- Rock portfolio (19 companies from the operating properties business): 94.9%;
- LHM Propco: 90%;
- MO First Five: 84.6%.

The net rental income, Group share of the Covivio Hotels Group was €220 million for the 2019 fiscal year, up €20.6 million from the previous year, mainly due to the acquisition of hotels in the United Kingdom at the end of July 2018 and beginning of 2019.

Income from valuation adjustments totalled €221.7 million at 31 December 2019. This result was affected by the value created by hotels in Germany, France and Spain.

Net financial income of -€125.4 million consisted of interest expense for -€59.7 million, negative change in fair value of financial assets and liabilities for -€50 million (compared with -€11.6 million in 2018), exceptional amortisation of additional expenses on loans for -€2.8 million (compared with -€4.6 million in 2018) and interest expense on rental liabilities relating to long-term leases conferring ad rem rights (IFRS 16) on assets in the United Kingdom and Spain for -€12.9 million.

The tax recognised chiefly corresponds to taxes of foreign companies not eligible for the special regime for French real estate companies, and companies belonging to the Operating properties business.

1.5.1.5 EPRA Earnings

EPRA Earnings resulting from the EPRA presentation

	31/12/2018	31/12/2019
Net income Group share	**194.0**	**352.3**
Change in asset values	- 83.8	- 221.7
Income from disposal	- 1.4	- 19.6
Change in scope	29.5	11.0
Changes in the value of financial instruments	11.6	50.0
Interest charges on rental liabilities	4.6	9.0
Rental charges	- 3.5	- 6.3
Deferred tax liabilities	7.2	1.6
Taxes on disposals	1.5	3.6
Depreciation of properties managed as Operating properties	36.2	35.2
Fees and amortisation of loan costs for early repayment	4.6	4.1
EPRA Earnings adjustments for associates	- 2.1	- 10.0
EPRA EARNINGS	**198.4**	**209.2**
EPRA EARNINGS IN €/SHARE	**1.78**	**1.74**

1.5.1.6 Balance sheet

1.5.1.6.1 Simplified consolidated balance sheet

(in €M)

Assets	2018	2019	Liabilities	2018	2019
Fixed Assets	5,835	6,124	Shareholders' equity Group share	3,039	3,278
Investments in equity affiliates	84	207	Minority interests	265	208
Financial assets	39	93	**Shareholders' equity**	**3,304**	**3,486**
Deferred tax assets	8	3	Borrowings	2,825	2,583
Financial instruments	14	17	Rental liability	164	230
Assets held for sale	288	133	Financial instruments	45	106
Cash	381	165	Deferred liabilities	249	274
Other	90	72	Other	153	134
TOTAL	**6,740**	**6,813**		**6,740**	**6,813**

1.5.1.6.2 Simplified balance sheet, Group share

(in €M)

Assets	2018	2019	Liabilities	2018	2019
Fixed Assets	5,446	5,794			
Investments in equity affiliates	84	207			
Financial assets	48	127	**Shareholders' equity**	**3,039**	**3,278**
Deferred tax assets	7	3	Borrowings	2,574	2,462
Financial instruments	14	17	Financial instruments	44	104
Assets held for sale	154	122	Rental liability	164	230
Cash	366	133	Deferred liabilities	245	269
Other	99	72	Other	152	131
TOTAL	**6,218**	**6,475**		**6,218**	**6,475**

1.5.1.6.3 Comments on Group share

The balance sheet total at 31 December 2019 stood at €6,475 million, against €6,218 million at the end of 2018 (+€257 million), chiefly as a result of the change in the asset value (+€221.7 million).

Fixed assets and assets held for sale amounted to €5,916 million at the end of 2019, compared with €5,600 million at the end of 2018 (+€316 million). The main changes in this item are as follows:

- the change in asset value (+€221.7 million);
- the acquisition of two hotels in the United Kingdom (+€84 million);
- the impact of the exchange difference on the United Kingdom portfolio (+€55 million);
- acquisition of the Hilton Dublin hotel as an operating property (+€53.8 million);
- the acquisition of Hotels Le Méridien (Operating property) and Mercure (leased to Accor) in Nice (+€43.9 million);
- the increase in the rights-of-use linked to the application of IFRS 16 as of 1 January 2019 (+€41 million);
- the works carried out in 2019 totalling +€32 million, of which €13.9 million related to assets under development;
- the increase in the percentage holding in Club Med Samoens at 50.1% (+€25 million);
- the acquisition of three B&B hotels in Poland (+€24 million);
- the disposal of 88 B&B assets in France and a Novotel hotel in Lyon (-€200 million);
- the disposal of the Hotel operating property, the Westin in Dresden (-€27.1 million);
- the depreciation of hotels under operation (-€41.3 million).

Assets held for sale amounted to €122 million at the end of 2019. These related to preliminary sale agreements on 11 B&B hotels in Germany, four B&B hotels in France, one Ibis hotel in Aubervilliers and one Courtepaille restaurant in Béziers.

Investments in associates increased by €123 million at the end of 2019, largely owing to the acquisition of the Phoenix portfolio on 1 July 2019 (+€114 million).

Shareholders' equity, Group share rose from €3,039 million at 31 December 2018 to €3,278 million at 31 December 2019. This €239 million increase is due primarily to the following effects:

- the €15.2 million capital increase of 27 March 2019, net of expenses, in order to acquire an additional 25% of the securities of SAS Samoëns;
- the €40 million capital increase of 5 April 2019, net of expenses, which enabled the acquisition of two hotels, Le Méridien and Mercure in Nice, previously owned by the Covivio Group;
- total comprehensive income for the period of €352.3 million;
- the +€8.3 million increase in the translation reserve;
- the dividend payment of -€183 million.

Short-term and long-term borrowing stood at €2,462 million at the end of 2019, compared with €2,574 million at the end of 2018. This -€112 million decrease is mainly due to the repayment of all of the rock debt (Operating properties) at the start of the year (-€388 million), reduced by the drawdown of all of the debt in GBP (+€35.6 million).

The rental liabilities (€230.3 million) increased by +€66.3 million. The liabilities relate to the rights-of-use linked to the application of IFRS 16 as of 1 January 2019. These rights relate mainly to long-term leases of assets in the United Kingdom and Spain.

Deferred taxes increased by €28.4 million (net) over the year, notably due to acquisitions made in the United Kingdom, the Netherlands and Ireland (+€21.5 million).

A detailed explanation of the various line items is provided in the Notes to the consolidated financial statements.

1.5.1.7 Consolidated cash flow

(in €M)	2018	2019
Net cash from generated by operation	257.4	276.0
Net cash flow from investment/disposal activities	- 142.6	99.2
Net cash flow from financing activities	251.1	- 610.1
CHANGE IN NET CASH	**365.8**	**- 234.3**

Net cash flow generated by operations stood at +€276 million in 2019.

This essentially corresponds to operating income (€257 million), less the net working capital requirement relating to the business.

Net cash flow from investment activities/disposals of -€99 million mainly breaks down as follows:

- direct purchases of fixed assets (-€88 million), mostly linked to deferred payment on acquisitions in the hotel sector in Spain, the purchase of three hotel assets in Poland, and work carried out on assets under development;
- acquisitions/disposals of equity investments (-€215.5 million), including the acquisition of companies that own hotels in France (Phoenix portfolio), the United Kingdom (Oxford Spires and Oxford Thames), the Netherlands (NH Amersfoort) and Ireland (Hilton Dublin) for -€265.5 million, less disposals of corporate securities (Dresden) for €50 million;
- asset disposals (+€453.6 million net of expenses) including the disposal of 89 hotels (+€392.5 million) and a plot of land Alexanderplatz (+€61.1 million);
- increase in loans linked to the acquisition of the Phoenix portfolio (+€54 million).

Net cash flow from financing operations of +€610 million mainly breaks down as follows:

- dividends of -€183 million, paid during the fiscal year;
- net loans and interest paid for -€358 million.

Net cash flow stands at +€234 million.

A detailed explanation of the various line items in the cash flow statement is given in the Notes to the consolidated financial statements.

1.5.1.7 Debt structure

At 31 December 2019, net financial debt, Group share stood at €2,329 million (€2,418.8 million on a consolidated basis).

As a Group share, and restated for assets under a preliminary sale agreement, net financial debt represents 34.9% (1) of total assets revalued at institutional value, including duties (versus 36.3% in 2018).

The bank covenants relating to the financial statements, calculated on a consolidated and Group share basis, are set out in Section 3.2.5.12.7 of the Notes to the consolidated financial statements.

Features of the debt

The average interest rate on debt for the year, calculated at face value, was 2.25%, compared with 2.08% at 31 December 2018.

Debt maturity

The average debt maturity is 5.5 years.

Hedging

At 31 December 2019, the average active hedging rate was 81.6%. Hedging consists of:

- swaps;
- options (mainly caps, floors and tunnel options).

In view of the transactions carried out in 2019 and to increase the average hedging term, the hedging profile has been adjusted by an equalisation payment for €6.4 million.

The net valuation of hedging instruments was -€87.5 million at 31 December 2019. The change in the value of hedging instruments over the period impacts the income statement for -€50 million as Group share and the shareholders' equity for -€13.6 for the portion concerning the change in currency of the Cross Currency Swap to GBP.

(1) At 31 December 2019, the amount of assets under sale agreements was €122.1 million. After restating the sale agreements, net financial debt amounted to €2,183.1 million, the institutional value, excluding duties, was €5,979.2 million, and the amount of duties was €274.9 million.

1.5.2 Company financial statements as at 31 December 2019

The 2019 financial statements mainly reflected:

- the increase in equity investments in Murdelux following a number of capital increases to finance the acquisition of the two remaining assets in the UK portfolio (Oxford), three hotels in Poland and the Jouron portfolio in Belgium for a total of €57.5 million, as well as €345.5 million to finance loan restructurings;
- equity investments in Oteli (31.15%) and Kombon (33.33%) for a total of €99.9 million. Portfolio composed of 30 hotels in France;
- the increase in equity investments in Constance following a number of capital increases for €65.5 million to finance restructuring of loans and for €7.8 million to finance the acquisition of the Hilton Kilmainham in Dublin;
- equity investments in Ruhl Côte d'Azur (Mercure and Meridien Nice) for €29.5 million;
- the increase in equity investments in the OPCI FDT for €15.2 million following Caisse des Dépôts et Consignations' (CDC) contribution;
- the increase in equity investments in FDM M Lux for €0.2 million;
- the full transfer of assets of Foncière Développement Tourime (FDT) dated 16 May 2019;
- work/disposals:
  - work carried out in 2019 amounted to €4.6 million for the MEININGER Porte de Vincennes Hotel, delivered on 29 October 2019 for a total investment of €43.9 million and €4.4 million for the Lyon Zimmermann MEININGER Hotel, delivered on 2 October 2019 for a total investment of €18 million,
  - the disposal of the hotel Novotel Lyon Part Dieu for a total selling price of €18 million;
- capital increase:
  - on 27 March 2019, Caisse des Dépôts et Consignations (CDC) contributed 49.9% of the securities of OPCI FDT for €15.2 million to Covivio Hotels. To remunerate this contribution, 613,244 Covivio Hotels shares were created with a par value of €4 and share premium of €20.79,
  - on 5 April 2019, Covivio contributed 100% of the securities of Ruhl Côte d'Azur to Covivio Hotels for €29.6 million, together with the receivable that it held on Ruhl Côte d'Azur for €10.5 million. To remunerate this contribution, 2,365,503 Covivio Hotels shares were created with a par value of €4 and share premium of €12.95;
- financing/refinancing:
  - Covivio Hotels renegotiated €180 million in long-term mortgage debt backed by Hotels in Spain and France;
  - the renegotiation of several hedges in exchange for an equalisation payment of €5.3 million, all of which was spread.

The 2019 financial statements show a profit of €184.3 million, compared with €218.2 million in 2018.

1.5.2.1 Changes in the main income statement items

The main components of the 2019 and 2018 comparative income statements are as follows:

(in €M)	2019	2018	Var.
Revenues	**76.0**	**75.8**	**0.2**
Reversals of provisions and transferred charges, other operating income	1.2	8.4	- 7.2
Operating expenses	- 46.1	- 55.9	9.8
Operating income	**31.1**	**28.3**	**2.8**
Financial income	267.3	170.1	97.2
Financial expenses	- 122.4	- 54.5	- 67.9
Net financial income/(charges)	**144.9**	**115.6**	**29.3**
Income from operations	**176.0**	**143.9**	**32.1**
Net non-recurring income	**8.3**	**74.3**	**- 66.0**
CIT	0.0	0.0	0.0
NET INCOME OR LOSS	**184.3**	**218.2**	**- 33.9**

Revenue stood at €76 million at 31 December 2019, down 0.26% from 2018.

(in €M)	2019	2018	Var.
Hotel rental income	33.0	33.6	- 0.6
Retail premises rental income	12.4	21.4	- 9.0
Rental income	**45.4**	**55.0**	**- 9.6**
Re-involving of expenses to tenants	5.8	7.0	- 1.2
Provision of services	24.8	13.8	11.0
TOTAL	**76.0**	**75.8**	**0.2**

The change in rental income is mainly due to the impact of disposals in the retail sector.

The change in the provision of services is mainly due to the retrocession of a commission on sale paid by Covivio Hotels Gestion Immobilière (B&B disposal).

Reversal of provisions and transferred expenses in the amount of €1.2 million correspond mainly to the transfer of expenses for €0.7 million.

Operating expenses, which total €46.1 million, primarily include the following:

- other purchases and external expenses for €13.9 million, including:
  - €6.4 million in fees paid to Covivio and Covivio Hotels Gestion,
  - €0.9 million in fees paid in connection with Property Management services,
  - €1.3 million in construction lease payments,
  - €0.1 million in insurance premiums,
  - €3.1 million in legal fees,
  - €1.4 million in administrative expenses,
  - €0.7 million in loan issue costs;
- duties and taxes totalling €5.9 million, including €4.2 million in Property Management taxes to be reinvoiced;
- personnel expenses for €5.5 million;
- depreciation, amortisation and provisions totalling €20.4 million;
- other expenses totalling €0.1 million.

Net financial income of €144.9 million consists of:

- financial income totalling €267.3 million, including:
  - €204.9 million in dividends from subsidiaries and equity investments,
  - €46.5 million in interest on loans granted to subsidiaries,
  - €12.4 million in income from swaps and options,
  - €1.7 million in exchange gains related to forward purchase and sale contracts and currency transaction gains and losses on bank accounts as at 31 December 2019,
  - €1.2 million in accounting surplus following the full asset transfer of FDT on 28 June 2019,
  - €0.2 million in interest on Group current accounts,
  - €0.2 million in reversals of provisions for over-hedging,
  - €0.2 million in other financial income;
- financial expenses for €122.4 million, of which:
  - €56.9 million in interest on borrowings,
  - €44.8 million in provisions on the securities of FDM M Lux,
  - €10.6 million in financial expenses on hedging instruments (including equalisation payments relating to the renegotiation of hedges for €5.3 million),
  - €6.8 million in provisions for exchange loss,
  - €1.7 million in interest on Group current accounts,
  - €1.6 million in exchange gains or losses related to forward purchase and sale contracts and currency transaction gains and losses on bank accounts as at 31 December 2019.

Net non-recurring income of €8.3 million is mainly from capital gains on disposals of fixed assets.

1.5.2.2 Changes in the main balance sheet items

(in €M)	31/12/2019	31/12/2018
Non-current assets	4,110.7	3,477.7
Current assets	83.5	323.7
Deferred expenses	14.3	16.7
Bond redemption premium	1.2	1.5
Unrealised foreign exchange losses	18.8	5.1
TOTAL ASSETS	**4,228.5**	**3,824.7**
Shareholders' equity	2,128.9	2,073.4
Provisions for risks and charges	7.6	1.0
Current liabilities	2,079.8	1,745.1
Unrealised foreign exchange gains	12.2	5.2
TOTAL LIABILITIES	**4,228.5**	**3,824.7**

Fixed assets rose from €3,477.7 million at 31 December 2018 to €4,110.7 million at 31 December 2019, an increase of €633 million. The increase is mainly due to the purchase of securities for €635 million, works carried out on two MEININGER hotels for €9 million, works carried out on the hotels for €2 million, new loans to subsidiaries for €751.4 million, offset by asset disposals for -€8.7 million, depreciation allowances for -€15.2 million, asset impairment allowances for -€1.7 million, impairment allowances for equity investments for -€44.8 million, loan repayments for -€645.4 million, derecognition of securities following restructuring and capital reduction for -€48.8 million.

Current assets stood at €83.5 million at 31 December 2019, compared with €323.7 million at 31 December 2018. This change of -€240.2 million comes mainly from the increase in current account receivables of €5.9 million, offset by the decrease in cash and near cash for €238.3 million and the decrease in trade receivables for €3.6 million.

The unrealised foreign exchange loss mainly relates to the unrealised loss recorded against the bank debt of £400 million valued at €18.8 million at the closing rate on 31 December.

Shareholders' equity, before distribution, was €2,128.9 million at 31 December 2019, versus €2,073.4 million at 31 December 2018. This change is largely due to the capital increase completed on 27 March 2019 in exchange for the transfer from Caisse des Dépôts et Consignations of 49.9% of the securities of OPCI FDT, involving the issuance of 613,244 shares for €15.2 million. On 5 April, a new capital increase in exchange for the transfer from Covivio of 100% of the securities of SCI Ruhl Côte d'Azur involving the issuance of 2,365,503 shares for €40.1 million. The change is also due to net income for the year (+€184.3 million) and distribution of the 2018 dividend (-€183.4 million).

The debts amounted to €2,079.8 million as of 31 December 2019 (compared to €1,745.1 million as of 31 December 2018), including €741.6 million in bonds, €1,147 million in borrowings and debts with credit institutions, €183.2 million in current accounts with subsidiaries, €2.7 million in trade payables and related accounts.

Unrealised foreign exchange gains mainly relate to the unrealised gain recognised on intra-group receivables, valued at €12.2 million at the closing rate on 31 December.

1.5.2.3 Non-tax-deductible expenses

In accordance with Article 223 *quater* of the French General Tax Code, the financial statements for the year do not include any expense that cannot be deducted from taxable income under Article 39-4 of that Code.

During the past fiscal year, the company incurred no expenses subject to Articles 223 *quinquies* and 39-5 of the French General Tax Code.

1.5.2.4 Ageing analysis of trade payables and receivables by due date

The table below is presented in accordance with the provisions of Article D. 441-4 of the French Commercial Code, pursuant to Decree No. 2015-1553 of 27 November 2015.

	Article D. 441 I.- 1: Invoices received and due but not yet paid on the closing date of the fiscal year						Article D. 441 I.- 2: Invoices issued and due but not yet paid on the closing date of the fiscal year					
(In €)	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	Over 91 days	Total over 1 day	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	Over 91 days	Total over 1 day
(A) Late payment categories							(A) Late payment categories					
Number of invoices concerned	0	3	-	-	-	3	3	17	10	-	10	37
Total amount of invoices concerned including tax	0	13,128	-	-	-	13,128	44,495	167,763	73,207	-	38,139	279,109
Percentage of the total amount of purchases including tax during the fiscal year	-	0.03%	-	-	-	0.03%	-	-	-	-	-	-
Percentage of revenues including tax during the fiscal year	-	-	-	-	-	-	005%	0.19%	0.08%	-	0.04%	0.31%
(B) Invoices excluded from (A) relating to litigious or unrecorded payables and receivables							**(B) Invoices excluded from (A) relating to litigious or unrecorded payables and receivables**					
Number of invoices excluded	N/A						N/A					
Total amount of excluded invoices	N/A						N/A					
(C) Benchmark payment terms used (contractual or legal – Article L. 441- 6 or L. 43- 1 of the French Commercial Code)							**(C) Benchmark payment terms used (contractual or legal – Article L. 441- 6 or L. 43- 1 of the French Commercial Code)**					
Payment terms used for the calculation of late payment	☐ ☑	Contractual terms:		Statutory terms: 60 days			☐ ☐	Contractual terms: Statutory terms: **Observations: no invoicing for late payment interest**				

1.5.2.5 Allocation of income

A proposal will be made to the Combined General Meeting of 3 April 2020 to allocate income for the period of €184,274,608.60, plus retained earnings of €37,947,575.47, as follows:

- payment of the preferential dividend of €500,000 to the Limited partner in respect of the fiscal year;
- allocation of €1,186,625.56 to the legal reserve, bringing the amount of the legal reserve to €48,414,653.20;
- the payment of €187,606,781.15 in dividends to shareholders;
- €32,928,777.36 to the retained earnings account.

Each share will thus receive a dividend of €1.55.

In accordance with the law, shares held by the company on the dividend payment date do not hold any dividend rights. The General Meeting resolves that the amount corresponding to treasury shares on the dividend payment date, as well as the amount the shareholders may have waived, will be allocated to the "Retained earnings" account.

The dividend will be paid on 14 April 2020.

Based on the total number of shares that made up the share capital at 31 December 2019, i.e. 121,036,633 shares, and subject to the potential application of the provisions of Article 9 of the company's Articles of Association to the Shareholders subject to Withholding, a total dividend of €187,606,781.15 will be distributed. This dividend only carries entitlement to the 40% rebate in the event that the global annual election has expressly and irrevocably been made for the income tax scale option in accordance with the provisions of Article 200 A 2 of the French General Tax Code, and only for the portion of this dividend deducted, where applicable, from earnings liable for corporate income tax. In accordance with Article 158 3°b bis of the French General Tax Code, this rebate is not applicable to profits exempt from corporate income tax under the SIIC regime, pursuant to Article 208 C of the French General Tax Code.

Dividends drawn against the company's profits exempt from corporate income tax pursuant to Article 208 C of the French General Tax Code, excluding the preferential dividend and not eligible for the 40% rebate total €122,031,740.20. The dividend drawn against profits subject to corporate income tax amounts to €65,575,040.95.

In accordance with the law, the General Meeting confirms that the dividends distributed for the previous three fiscal years were as follows:

Fiscal year	Number of shares	Dividend paid per share	Amount eligible for the 40% rebate	Amount not eligible for the 40% rebate
2018	118,057,886	€1.55	€0 or €0.337 (if IT option)	€1.55 or €1.2163 (if IT option)
2017	106,252,098	€1.55	€0 or €0.066 (if IT option)	€1.55 or €1.484 (if IT option)
2016	74,103,963	€3.10	€0	€3.10

1.5.2.6 Company earnings over the past five fiscal years

In accordance with Article R. 225-102 of the French Commercial Code, the following statement presents the company's earnings over the last five fiscal years:

	Fiscal year 2015	Fiscal year 2016	Fiscal year 2017	Fiscal year 2018	Fiscal year 2019
I – SHARE CAPITAL AT YEAR-END					
a. Share capital	296,415,852	296,415,852	351,264,348	472,231,544	484,146,532
b. Number of ordinary shares outstanding	74,103,963	74,103,963	87,816,087	118,057,886	121,036,633
c. Number of priority dividend shares (without voting rights) outstanding	0	0	0	0	0
d. Maximum number of future shares to be created	0	0	0	0	0
d1. Through conversion of bonds	0	0	0	0	0
d2. Through exercise of subscription rights	0	0	0	0	0
II – OPERATIONS AND NET INCOME FOR THE FISCAL YEAR					
a. Revenues net of tax	123,939,861	108,703,553	84,929,670	75,832,603	76,038,319
b. Income before tax, employee profit sharing, depreciation, amortisation and provisions	67,390,980	382,055,857	93,045,651	242,443,368	256,496,393
c. Corporate income tax	– 117,120	0	– 1,249,711	0	0
d. Employee profit sharing due for the year	0	0	0	0	45,920
Income after tax, employee profit-sharing, depreciation, amortisation and provisions	39,512,003	334,397,190	79,582,706	218,201,881	184,274,609
f. Distributed income	114,861,143	229,722,285	164,690,752	182,989,723	187,606,781
III – EARNINGS PER SHARE					
a. Income after tax and employee profit sharing, but before depreciation, amortisation and provisions	0.91	5.16	1.07	2.05	2.12
b. Income after tax, employee profit sharing, depreciation, amortisation and provisions	0.53	4.51	0.91	1.85	1.52
c. Dividend per share	1.55	3.1	1.55	1.55	1.55 [a]
IV – PERSONNEL					
a. Average salaried headcount over the fiscal year	13.42	14.25	17.75	21.42	21.25
b. Total payroll for the fiscal year	1,215,243	1,549,753	1,928,840	2,390,769	2,641,301
c. Amount paid in employee benefits for the fiscal year (social security, benefits, etc.)	591,394	725,173	953,361	2,722,681	3,093,622

(a) Proposed to the Combined General Meeting of 3 April 2020

1.5.2.7 Statutory Auditors' oversight

In accordance with the legislative and regulatory provisions, the Statutory Auditors' reports, which are included in the company's Universal Registration Document, are available for consultation.

1.6 Risks and internal control organisation

To achieve its goals, Covivio Hotels continually assesses the risks inherent in each decision it makes. In 2019, the company carried out a full review of its risk mapping presented in 2017. The revised version was submitted to the Covivio Hotels Audit Committee in February 2020. It provided an update on the risks for which action plans had been drawn up the year before during the previous risk mapping process. The risks presented below stem from this work. The management activities of hotel operating properties were also mapped, enabling Covivio Hotels to understand the risks posed by this subsidiary.

Investors are reminded that the list of risks presented below is not exhaustive and only limited number are presented; however, it summarises each category of risk that Covivio Hotels may face and that may have a material negative impact on its business, financial position, outlook or results. The risk factors specific to the company are presented below in line with the AMF's recommendations and Article 17 of the Prospectus Regulation III, which requires an indication of the materiality of the risk factors according to the probability of their occurrence and the expected magnitude of their impact.

The following table summarises only the most significant categories of risk that Covivio Hotels may face. A more detailed description of the risks in each category is given in order of materiality based on the probability of their occurring and likely magnitude of their impact, indicated below in the materiality column.

1.6.1 Risk factors

1.6.1.1 Risks linked to the economic environment or political instability

Risks	Control system	Materiality
• Instability or a deterioration in the economic environment in Europe and, more particularly in the countries (see below) where Covivio Hotels operates, could lead to a significant reduction in its rental income. Hotels whose rents are directly indexed to revenues and hotels held as operating properties (representing, in total, 43% of revenue at the end of 2019) would accordingly see their revenues decrease due to the reduction in their occupancy rate, a direct consequence of the decline in tourism or business travel. • Covivio Hotels would be unable to implement and continue its rental strategy and its investments under favourable market conditions. • Covivio Hotels was confronted with this situation at the end of 2018 with the Yellow Vests movement when security conditions as well as economic conditions had a negative impact on hotel occupancy resulting in a decline of - 0.5 points in the hotels' occupancy rate, which had been up +1.4 points year-to-date before the protests began. This phenomenon was worse in Paris where the recorded drop in the occupancy rate was - 3.6 points. The risk of terrorist attacks also had direct consequences on the number of visitors in hotels in the major cities. Consequently, the hotel located at Brussels airport saw the number of its visitors decline by 14.4 points following the terrorist attacks in 2015.	A number of mitigating measures help protect Covivio Hotels from the financial consequences of these risks: • the quality of its partnerships and tenants; • the diversity of its segments, locations and innovative hotel concepts; • the calculation of the rents and the portion of the rent based on revenue. At the end of 2019, more than half (57%) of the company's revenues came from fixed rental income, rising to 60% if we include the eight hotels whose acquisition was announced in January; • the residual lease terms: 13.7 years at end 2019.	**High**

1.6.1.2 Risks linked to asset valuation and portfolio obsolescence

Risks	Control system	Materiality
• Covivio Hotels recognises its investment properties at fair value. As at 31/12/2019, the total value of its portfolio amounted to €6.0 billion [1]. As such, it is exposed to a risk of change in the value of an asset decided by expert appraisers; such a valuation may take place following an adjustment of the main assumptions used (yield rate, rental values). These changes in value could have a significant impact on the net asset value of Covivio Hotels. • For information, the following table presents the sensitivity of asset valuations to yield rates (which correspond to rents/appraisal values excluding taxes).	• The appraisal process implemented within Covivio Hotels is regularly audited. The procedure in place within the company requires new appraisers to be appointed at regular intervals. The significant residual lease term (13.7 years at the end of 2019) increases the resilience of asset values in the event of an economic downturn.	**High**

€ million	Group share [*]	Yield rate -50 bp Group share	Yield rate +50 bps Group share
Hotels in Europe	5.2%	592.0	-487.9
TOTAL	**5.2%**	**592.0**	**-487.9**

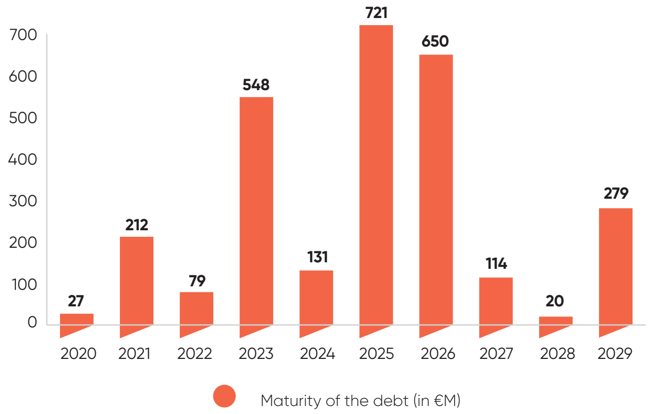
(1) GS: Group share

1.6.1.3 Risks related to information systems and cyber crime

Risks	Control system	Materiality
• Given the substantial financial flows the company may have to pay in or disburse in the course of its acquisition and disposal activities in and between different countries, Covivio Hotels is particularly exposed to the risk of cyber attacks, with or without attempted fraud through clever engineering which could lead to extortions of funds, theft, data loss or an interruption of activity. Fraud attempts through clever engineering and phishing are increasing although Covivio Hotels have not suffered any financial damage up to now. • In view of its activity as a hotel operator, the company is particularly concerned that its customers' personal, confidential and banking data are managed correctly. • Furthermore, a failure or an interruption of the information systems could have negative effects on the continuation and performance of the company's business, especially its activity as a hotel operator, particularly if its hotels' online reservation system is unavailable. This unavailability would lead to a loss in revenue. • Interruptions, violations or failures of the information systems would lead, apart from substantial damage to computer hardware, to financial consequences which may be severe such as expenditure incurred to re-establish the information system, to reconstitute the data, consultants' and lawyers' fees, etc. • Ultimately, these risks could adversely affect the image and reputation of the company.	The main measures to manage this risk are set out below: • back-up plan; • Business Continuity Plan; • penetration tests; • training and awareness-raising on cyber risks; • cyber risk mapping; • cyber insurance; • the appointment of a Chief Information Security Officer (CISO). A Data Protection Officer appointed by Covivio acting on behalf of Covivio Hotels is accountable for the protection of the personal data processed by the Group. Covivio Hotels therefore has a budget allocated to these measures which has been increasing over the last two years.	**High**

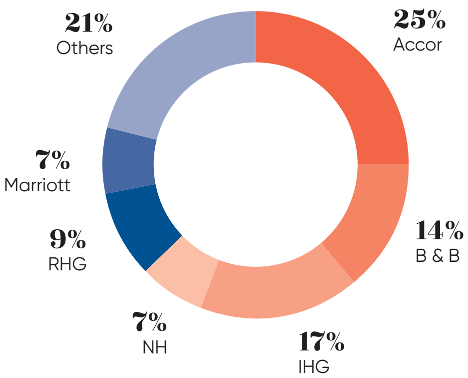
1.6.1.4 Financial Risks

Risks	Control system	Materiality
Risks related to acquisitions • Covivio Hotels' development strategy is based on the acquisition of properties or property portfolios, which exposes it to various risks. Covivio Hotels might not have valued a property (and therefore its price) at fair value and might not obtain the expected return or achieve its targets in terms of appreciation in value. During 2019, total acquisitions and acquisition commitments amounted €417 million [1]. • Covivio Hotels also faces an increasingly competitive market for asset acquisitions. The volume of investments in Hotels in Europe has almost tripled since 2012, rising from €8 billion to €23 billion in 2019. The panel of investors is also diversified, grouping together: • private equity investors (Blackstone, Starwood, Lone star, etc.); • institutional investors (Primonial, Swiss life, Union Investissement, Schroders, etc.) which, at the end of 2019, have recently reported on the substantial funds raised for investment in this sector; • and the REITS listed such as Pandox, Aroundtown and PrimeCity.	• Covivio Hotels has a team with extensive expertise in the hotel real estate sector, so it fully understands the risks associated with acquisitions. At the time of each acquisition the company undertakes a process of due diligence during which it carries out specific studies in each of the following areas: tax, environment, real estate, legal, etc. If necessary, its teams are assisted by external consultants whose role is to audit these transactions and oversee the drafting of the legal documents and associated guarantees. The risks, obstacles and opportunities are reviewed in detail during the validation procedure. • The partnership policy with our major tenants enabling operations to be "sourced" far upstream, which limits the competitive risk to the assets.	**Medium**
Liquidity and Interest Rate Risks A rise in interest rates could have a significant adverse impact on the financial position, results or outlook of Covivio Hotels for several reasons: • the value of Covivio Hotels' properties could decrease, since the yield rates applied by real estate appraisers during the appraisal process is based partly on interest rates; • the company's use of debt could lead to a significant increase in financial expenses if rates were to rise dramatically; • a higher financing cost would reduce Covivio Hotels' ability to finance acquisitions and thus implement its investment strategy. The current rate charged on Covivio Hotels' debt remains low at 2.25%: • the impact of a 100 bps rate increase as at 31 December 2019 is a decrease of €5,498 thousand on 2020 net income, Group share; • the impact of a 50 bps rate increase as at 31 December 2019 is a decrease of €2,836 thousand on 2020 net income, Group share; • the impact of a 50 bps rate decrease as at 31 December 2019 is a rise of €3,630 thousand on 2020 net income, Group share. Fluctuations in the pound to euro exchange rate could have negative repercussions on the income of Covivio Hotels, since some of its portfolio is located in the United Kingdom where rental payments are denominated in pounds.	• Almost all of Covivio Hotels' debt is covered by interest rate hedging contracts (*swaps, caps* and *floors*). The hedging policy is flexible to limit any risk of over-hedging in the event of the disposal of assets. • The company's policy of paying down debt, instituted several years ago, has helped to reduce this risk. LTV including duties was 34.9% at 31 December 2019 (at Group share and adjusted for assets under a preliminary sale agreement) compared with 36.3% at 31 December 2018. Covivio Hotels aims at maintaining an LTV below 40%. • Covivio Hotels has arranged a loan in pounds and hedged the currency exchange risk thus hedging 75% of its assets in pounds. It would therefore be relatively unaffected by these movements.	**Medium**
• Covivio Hotels also runs the risk of having insufficient liquidity to service its debt or refinance debts on maturity. This could trigger accelerated or early repayment of the debt and, if it is backed by a guarantee, the guarantee and any collateral backing the debt could be seized. At the end of 2019, the group's cash position decreased to €164.70 million vs €381 million at the *end* of 2018, mainly due to repayments made towards financial loans during the year. At the end of 2019, the most *restrictive* covenant on the debt level was 60% and the company may accordingly see its assets decline by more than 37%. With regard to the ICR *(Interest Coverage Ratio)*, at the end of 2019, it was *5.10, i.e. considerably higher than the covenant limit of *2.	• The tracking of multi-year cash management plans and, in the short term, the use of confirmed and undrawn lines of credit. • Eighteen-month liquidity forecasts are analysed each month by the Finance department and submitted to General Management. • Standard&Poors rates *Covivio Hotels Investment Grade with a BBB+ rating and stable outlook (raised in April 2019 from BBB to BBB+)*, indicating that this risk is properly managed.	



- Covivio Hotels may run the risk of experiencing a lack of liquidity if it is unable to raise the necessary resources to finance its growth.

1.6.1.5 Risks linked to tenants

Risks	Control system	Materiality
Risk of non-payment by tenants • The risk of non-payment by tenants is relatively low in terms of the probability of its occurrence, but remains significant in terms of its impact insofar as the rental income is concentrated on a lower number of tenants. • Covivio Hotels has chosen to develop rental partnerships with leading brands and is exposed, in terms of revenue, to several major companies, including Accor, B&B, Louvre Hotels Group, NH Hotel Group and Club Méditerranée.  • Covivio Hotels is exposed to the risk that its tenants' financial stability might deteriorate or that they might even become insolvent, which would affect the company's earnings.	• The choice of Covivio Hotels' tenant partners is based on their size and recognised positioning within their business sector and a high credit rating (Investment Grade rating for Accor, the leading shareholder in AccorInvest, Minor, the leading shareholder in NH Hotels, Marriott and IHG). • In parallel, Covivio Hotels uses industry software to monitor their financial performance, thus limiting the risk of potential insolvency. • Monthly *reporting* of late payment and non-payment is analysed by General Management. As at 31/12/2019, no unpaid debts had been recorded against the company. • The partnership committees formed with each key tenant enable Covivio Hotels to keep track of their business performance.	**Low**
Tenant concentration risk • Owing to the relative importance of each tenant of Covivio Hotels, the company is exposed to the risk of a concentration of its tenants. In fact, the three main tenants, IHG, B&B and Accor, represent 55% of the company's revenues, a slight increase compared with the end of 2018 (54.5%). That said, the acquisition of eight hotels announced at the beginning of January will dilute this risk of tenant concentration. In future, only 54% of revenue will come from the three main tenants. • In the event of default or non-payment by one of them, Covivio Hotels' accounts could be materially affected.	• Covivio Hotels' strategy is to diversify the number of partners it works with and to have a broad spectrum of carefully selected tenants. • For three years now, the company has been expanding the number of its partners to include IHG, NH Hotel Group, MEININGER and Motel One. Investments in Spain, Germany and the United Kingdom in recent years have enabled Covivio Hotels to forge new partnerships, thereby diversifying and balancing the weight of each of its tenants. As an example, 25% of the revenues of the company comes from Accor today compared with 42% at *the* end of 2015.	**Low**

1.6.1.6 Legal Risks

<table>
<tr><th>Risks</th><th>Control system</th><th>Materiality</th></tr>
<tr><td>Risks related to changes in regulations
• Changes in commercial lease regulations, especially with respect to the term, rent indexation and caps, and the calculation of compensation owed to tenants in case of eviction, could adversely impact the valuation of the company's assets, results, business activity or financial position.
• For some of its activities, Covivio Hotels benefits from the Société Immobilière (SIIC) (real estate company) regime. In return for its tax relief scheme, the company undertakes to distribute the majority of its profits and its shareholders will then be taxed at a later date. In addition, an SIIC must be listed and not more than 60% owned by one majority shareholder, alone or acting jointly and the land management activities (SIIC activities) must account for more than 80% of its activity. In Spain, the investments of Covivio Hotels also enjoy a special scheme for real estate activities known as SOCIMIA. Consequently, if the tax regulations (basis or rate of taxation) should change, this could have an adverse impact on the company's net financial income.
• By virtue of its size, Covivio Hotels is subject to the Sapin II anti-fraud and anti-corruption regulations. Covivio Hotels may be unable to completely fulfil its compliance obligations in terms of the introduction of an anti-corruption system in accordance with legal requirements and therefore be penalised because of this. The mapping of fraud and corruption risks has enabled the company to identify the sectors and activities most exposed to these risks. The use of intermediaries for sales or purchasing activities also exposes us to the risk of passive corruption.
• These risks could have financial and reputational consequences and potentially harm the company's image.</td><td>• Regulatory monitoring is in place to anticipate and analyse such risks. In Germany, local teams monitor the application of these regulations for the assets concerned. For other countries, this monitoring is carried out by the Property Management agencies in charge of these assets.
• The tax regulatory environment remains fluid and requires thorough and constant monitoring by Covivio Hotels.
• The diversified geographic presence of Covivio Hotels limits its exposure to regulatory risk in any one country.
• Regular and permanent monitoring of developments in both administrative regulations and case law is in place at a European level.
• In all its companies, Covivio Hotels enforces the eight anti-corruption measures set out by the Sapin II Law. The Audit Committee actively monitors their application. No corruption has been notified to date.
• The appointment of a Compliance Officer in charge of compliance with anti-fraud and anti-corruption regulations.</td><td>Medium</td></tr>
<tr><td>Environmental, health and safety risks
• The Group's business is subject to laws and regulations concerning the environment and public health. These laws and regulations govern, in particular, the holding or use of facilities that present specific risks, the use of toxic materials or substances in buildings, and the storage and handling of such substances. If these applicable laws and regulations were to become more stringent, the Covivio Hotels Group might have to meet additional expenses.
• Moreover, as the owner of these buildings, facilities or land, Covivio Hotels could be held liable under civil or even criminal law if it breaches its obligations.
• Lastly, the diversification of the accommodation offer by Covivio Hotels with solutions alternating between classic hotels and youth hostels as well as catering services, means the company has various responsibilities for the health and safety of its customers, especially at its hotels which provide catering services.
• The spread of the Coronavirus in the countries or geographic areas where Covivio Hôtels holds variable income hotels (variable rent or hotels operated directly or through management contracts), may have an immediate impact on the Company's income and EBITDA due to the decrease in hotel occupancy.
• At end 2019, the variable income of Covivio Hôtels represented 43% of its total income. A 5% decrease in these variable incomes over a full year represents an estimated impact of €9 million (and a 10% decrease an impact of €20 million) on Covivio Hotels EPRA Earnings. Hotel real estate.
• Given the very significant differences between the Company's banking covenants and its ratios at end 2019 (ICR = x 5.1 vs Covenant at x 2.0 and LTV excluding duties of 36.5% vs Covenant at 60%).
• At this stage there are no major risks related to the impact of the Coronavirus on its own on compliance with the Company's obligations.</td><td>• Each acquisition by Covivio Hotels is subjected to careful analysis, particularly as regards ground contamination and asbestos. The leases signed by Covivio Hotels transfer liability for environmental and health risks to operators. At the same time, the Real Estate Engineering Department closely monitors these risks during ownership of the buildings and entrusts the management of the asbestos and ground contamination risks to its specialist partner, Provexi. For foreign assets, these risks are monitored by local property managers.
• Covivio Hotels operates its hotels in compliance with the permits granted by the prefectoral and safety authorities.
• The health/safety measures recommended by the government were passed on to the teams and hotels at the end of February 2020.</td><td>Medium</td></tr>
</table>

1.6.1.7 Risks to image and reputation

Risks	Control system	Materiality
• The ever-increasing use of social networks for the dissemination of information exposes the company to image and reputation risk. Hotel customers are strongly urged to give their opinion or ratings on social networks. Covivio Hotels has a presence on around ten social networks. In addition, the hotels have their own commercial websites which enable opinions or comments to be submitted. • Covivio Hotels, as hotel operator for part of its portfolio, has a BtoC activity which is particularly exposed to this risk. In fact, for each of the hotels, the commercial websites request that customers give their opinions about the hotels. Each unfavourable rating or comment may have negative consequences on the occupancy rate of the hotel. • The Covivio Hotels brand is a valuable asset for the Group. Any attack on it may have negative competitive consequences.	• The company now monitors social networks which means watch points, both positive and negative, can be monitored and reported. • Personnel working directly with the hotel make every effort to monitor daily ratings and comments. • A crisis management system is in place and training and awareness sessions are held regularly.	**Low**

1.6.2 Insurance strategy

The real estate assets of Covivio Hotels and its subsidiaries are covered for property damage and any pecuniary consequences for the owner and/or hotel operator on public liability grounds, under the terms of the insurance schemes described below.

1.6.2.1 "Property damage" and "public liability" insurance

The real estate assets owned by Covivio Hotels and its subsidiaries are geographically dispersed, which protects Covivio Hotels against any single event that could simultaneously affect its entire portfolio.

Most of the risks incurred by partners operating the hotel, restaurant and leisure portfolio of Covivio Hotels are insured under insurance schemes covering the risk of property damage (including damage to the building itself, based on the rebuild cost), operating losses, loss of rental income and public liability. These risks are underwritten by world renowned, leading insurers such as AXA France IARD, Allianz, MMA and Chubb.

In terms of property damage, the insurance taken out covers losses and compensation resulting from a major incident affecting the largest asset in the Covivio Hotels portfolio. Each year, Covivio Hotels reviews the cover taken out by the operator on its behalf. In addition, depending on the portfolio, it also arranges its own property and loss of rent insurance. To this effect, Covivio Hotels reviewed all of the guarantees and financial conditions of its insurance schemes as of 1 January 2019 at the end of a call for tender. Covivio Hotel insurers are leading insurers, all with good ratings in terms of financial stability.

With regard to the amount of public liability cover, Covivio Hotels has opted to take out, as non-occupying owner of the premises and separately from the cover arranged by operators, extended cover for its public buildings liability which might arise as a result of personal injury, property damage and non-pecuniary losses, whether consequential or non-consequential, caused to third parties, as well as accidental pollution damage caused by the building. With regard to the public liability of the subsidiaries of Covivio Hotels as hotel operators, this is also covered under policies taken out with leading insurers whose insurance schemes offer high levels of cover for the risks insured.

1.6.2.2 Corporate insurance

The personal liability of corporate officers and de jure or de facto managers of the company and its subsidiaries is covered for amounts regularly reviewed and adapted to the risks incurred, the financial importance of the company and its activities.

The general and professional civil liability of Covivio Hotels and its subsidiaries is insured as part of an insurance scheme, the insurance and guarantee conditions of which are regularly adapted to the development of the business.

Covivio Hotels and its management subsidiary may be called upon to act on behalf of third parties in real estate transactions and management. Therefore, they are specifically covered for professional civil liability under the Hoguet law.

With regard to the measures taken in particular against the risks of fraud, malicious acts, computer malpractice and others, Covivio Hotels has for several years already benefited from extensive insurance guarantees offered by the insurance market. In 2017, this scheme was supplemented by an insurance scheme specifically for cyber risks, to take advantage of the cover now available in the insurance market.

In the case of events that could harm its image and reputation, Covivio Hotels is covered under the insurance policy, which allows it to use the services of a public relations firm specialising in crisis communications.

1.6.3 Financial risks linked to climate change

The Covivio Hotels' sustainable strategy is derived from the Covivio CSR policy. This strategy, and in particular its most significant climate-related challenges, are described in Chapter 2 of the Covivio Universal Registration Document.

Said chapter 2 constitutes Covivio's Declaration of Non-Financial Performance. The reporting process meets the requirements laid down in the French Decree of 9 August 2017 implementing the Order of 19 July 2017 on the disclosure of extra-financial information. It also complies with Article 173 of the French Law on the Energy Transition for Green Growth [1] and its Implementing Decree of 29 December 2015. This reporting explains how Covivio's low-carbon strategy and its objectives and initiatives align with the goal of limiting global warming to 2 °C or even 1.5 °C as enshrined in the Paris Agreement of December 2015 and with the climate reporting framework published by the Task Force on Climate-related Financial Disclosures (TCFD).

This chapter 2 also contains information on the manner in which the company takes into account the social and environmental consequences of its business, as well as an analysis of the consequences of climate change for its business and the use of the goods and services it produces. It also describes the business-wise energy consumption and CO2 emissions related to building use and impacted by the change in the climate conditions. This reporting has also been aligned to the 17 Sustainable Development Goals (SDGs) defined by the United Nations. Aligned on the recommendations of the EPRA and those of the SASB [2], it is verified by an independent third party (2.8).

The financial risks inherent in climate change appear to be limited in the short-term. They are the subject of more detailed and specific evaluation work.

This information is also included in the Covivio's Annual Sustainable Performance Report. (www.covivio.eu/fr).

(1) Law on the Energy Transition for Green Growth of 17 August 2015.
(2) Sustainability Accounting Standards Board

1.6.4 Internal control organisation

1.6.4.1 Objective, scope and reference framework for internal control and risk management

1.6.4.1.1 Objective and limitations

To respond to the potential risks, including those outlined in Section 1.6, Covivio Hotels has implemented an internal control system tailored to its business. This contributes to the efficiency of its business activities and teams, as well as the reliability of data.

In particular, it seeks to ensure that:

- activities comply with laws, regulations and internal procedures;
- management actions are consistent with the guidelines defined by the corporate bodies;
- assets, in particular buildings, are adequately protected;
- the risks arising from the business are correctly evaluated and sufficiently controlled;
- internal systems, which contribute to the establishment of financial information, are reliable.

Although this internal control system cannot, by definition, provide a cast-iron guarantee that all types of risks will be fully eliminated, it provides the company with a comprehensive tool that effectively protects against the major risks identified and their potential effects.

1.6.4.1.2 Scope under review

Covivio Hotels' internal control and risk management system is applied to all its businesses across the entire scope of consolidation.

In 2019, the company acquired a significant number of companies and assets which immediately came within the scope of its internal control procedure.

1.6.4.1.3 Standards

The company follows the "reference framework" recommended by the *Autorité des marchés financiers* (AMF). This AMF reference framework is based on that of COSO (Committee of Sponsoring Organisations of the Treadway Commission). It includes a set of methods, procedures and measures that should enable the company to:

- contribute to the management and efficiency of its business activities and the efficient use of its resources;
- give proper consideration to significant operational, financial and compliance risks.

1.6.4.2 Components of the internal control system

In accordance with the AMF recommendations, Covivio Hotels' internal control system is based on the following five components:

1.6.4.2.1 Structured organisation

The internal control system provides a framework for achieving the objectives. This organisation is based on known objectives, a division of responsibilities, and appropriate management of resources and skills.

Delegations of powers and responsibilities

Delegations and sub-delegations of powers are updated as the organisation evolves. The General Manager thus transfers some of its powers and responsibilities to a subordinate authority, the delegate, more likely to be familiar with the requirements that need to be fulfilled and having the necessary means to apply them.

This delegation ensures better organisation of the company and a stronger correlation between the responsibilities of operational entities and the responsibilities of the executive.

High-performance and secure information systems

The features of the software applications used by Covivio Hotels employees are tailored to their various activities.

The security of the financial transactions conducted using the information systems is ensured by:

- limits on the disbursements per person and a dual-signature requirement when limits are exceeded;
- separation of payment authorisation and the execution of payment transactions.

These measures are updated in keeping with organisational changes.

The security of the infrastructure and the information system is ensured by various mechanisms:

1. a back-up plan to mitigate any physical or electronic attack on the information systems. Daily back-ups are stored outside the building in which the main servers operate;
2. a business continuity plan has been operational since June 2013. This plan was drawn up jointly by teams from the Information Systems Department and Audit and Internal Control Department, with the help of the global leader in business continuity solutions. The business continuity plan is described in a special procedure. It covers the following points:
   - a back-up centre, in the event of an IT incident that results in a computer malfunction for employees. Tests are carried out annually with the service provider to ensure that the system is effective,
   - a user help desk, in the event of an incident in the operating assets rendering employees unable to work at their stations;
3. annual intrusion tests are performed by a specialist service provider to ensure that the information system is 100% secure. All recommendations made as a result of these tests are regularly monitored until their implementation;
4. a cyber risk mapping was produced with the help of a service provider specialising in this field, in order to improve the Group's security. The risk mapping confirmed that various controls were in place within the Group and that recommendations were being put in place to improve risk management. Following the mapping, Covivio Hotels took out cyber risk insurance, described in more detail in Section 1.6.2 "Insurance strategy";
5. all Group employees attend training and awareness-raising sessions on cyber risks to remind them of best practice and behaviours;

6. An IT charter has been circulated and appended to the Internal Regulations:
   - this charter is first and foremost a Code of Conduct laying down the principles for the proper use of IT and digital resources. It also outlines the penalties applicable in the event of any infringements,
   - it defines the areas of responsibility for users and for the company, in accordance with legislation (in particular the French Data Protection Act No. 78-17 of 6 January 1978), to ensure the correct use of the company's IT resources and internet services,
   - it helps to protect the integrity of the IT system, particularly the security and confidentiality of data and technical equipment.
7. The appointment of an external Chief Information Security Officer (CISO) in 2018, responsible for IT security;
8. development of a PSSI in 2019: IT security policy.

Updated, validated and distributed procedures

- The procedures are drawn up by the Audit and Internal Control Department, in close collaboration with operational staff.
- The procedures describe the risks and control points of sensitive and manageable processes.

The procedures are presented as flowcharts that highlight:

- the risks identified and the resources employed to control such risks;
- the roles and responsibilities of each individual (processing, monitoring, validation, information, archiving);
- the control points exercised, especially the automated controls carried out by information systems.

All procedures, whether they concern updates, renewals or terminations, are approved by an ad hoc committee. The committee includes representatives of the company's various business lines (operational and support staff) who are selected based on their expertise and their knowledge of the company's operating methods.

To strengthen their validity and relevance, all procedures are also approved by the Audit and Internal Control Department and by the member of the Management Committee responsible for the procedure.

The validated procedures can be accessed by employees on the company's intranet.

1.6.4.2.2 Employee training

The Audit and Internal Control Department organises training sessions called "Process Mornings". Training is mandatory for all employees and aims to:

- focus participants' attention on the specific procedures of each department or business line, as well as new procedures releases;
- present the components of the internal control system, including internal charters;
- act as a reminder of the role of the Compliance Officer and of the Group's Ethical Charter.

In 2018, the training focused on the prevention of fraud and corruption, the protection of personal data, and the risk of cybercrime. Its aim is to make employees aware of the new regulations that apply and the role of each individual.

In addition, all new employees, during their induction programme, meet with the Audit and Internal Control Department, where the department's role and the Group's procedures are explained.

1.6.4.2.3 A recognised ethics approach

The company values compliance with internal procedures, professional ethics and moral standards. Accordingly, it set up a compliance department in early 2018. The company relies on a comprehensive framework that provides guidance on the regulations and proper conduct that must be adhered to by the company, its managers, corporate officers, all employees and partners. The framework consists of the following:

a) Ethical Charter

The Ethical Charter sets out the rules and principles that all employees must follow in their professional practices and in their dealings with stakeholders. The basic principles contained in this Charter are:

- compliance with laws and regulations, including the prevention of insider trading, money laundering, corruption and related offences;
- respect for the environment and people (health and safety at work, non-discrimination, respect for third parties, etc.);
- protection of the company's assets (image, assets, resources) and transparency of the information provided;
- protection of personal data.

It is published on the Covivio website and intranet and circulated at all hierarchical levels. It is also given to all new employees during their induction programme and when they start work.

The Charter is regularly updated to reflect changes in the Group's organisation and the legal framework in which it operates.

It was revised in 2018 during the implementation of the anti-corruption policy pursuant to Law No. 206-1691 of 9 December 2016 on transparency, anti-corruption and economic modernisation (the "Sapin II Law").

The Ethical Charter has been approved by employee representatives. It is legally enforceable against Group employees and takes the place of a code of conduct as defined in the Sapin II Law. Therefore, any failure to comply with the rules laid down in the Charter, and in particular any proven act of corruption, could lead not only to legal penalties, but to the termination of the employment contract or appointment of the employee concerned.

The Charter emphasises zero tolerance for corruption and influence peddling and the option for any stakeholder (internal or external) to report such acts via the whistleblowing system.

b) Whistleblowing system

Covivio Hotels has had an internal whistleblowing system since 2015. It was updated in 2018 to reflect the provisions of the Sapin II Law.

The whistleblowing system covers various scenarios, including offences and misdemeanours, the infringement of national or international laws, or a serious threat or harm to the public interest. It can also be used by any employee to report non-compliance with the principles enshrined in the Ethical Charter, and more generally in the following areas:

- financial;
- accounting;
- banking;
- anti-fraud and anti-corruption;
- non-compliance with competition law;
- prevention of workplace discrimination and harassment, etc.

All Group employees and their stakeholders may access – or be the subject of – the whistleblowing system. It is covered by an internal procedure disseminated and communicated at European level during trainings. Its existence is also brought to the attention of partners and suppliers via its publication on the Covivio's website and the reference made to it in the Responsible Purchasing Charter.

The company undertakes to protect the whistleblower in accordance with the applicable regulations. By law, anonymous whistleblowers are taken seriously if the severity of the facts disclosed is established and there is sufficient detailed evidence.

c) Fraud and corruption risk mapping

Mapping dedicated to the specific risks of corruption and fraud at the European level was carried out in 2018 by a specialist adviser, in order to ensure greater transparency and a look at the best practices in the sector.

Mapping led to recommendations, the implementation of which at the European level by the Compliance Officer is monitored regularly by the Audit Committee and the General Management. In view of the major risks identified by the mapping, Covivio Hotels pays particular attention to the integrity of its key customers and suppliers by conducting due diligence. It also has a specific financial reporting process to detect the main risks of fraud and corruption identified. In addition, operations deemed sensitive, such as acquisitions, sales of buildings or companies, construction or renovation work, are governed by adequate procedures, in particular with regard to the knowledge of intermediaries.

d) Ethics Officer

The Ethics Officer is independent and reports only to the General Management. He or she has a duty of confidentiality with regard to the information disclosed. The Ethics Officer has a multi-faceted role:

- advising employees on conflicts of interest, compliance, stock market regulations, gifts and other benefits in kind received or offered;
- verifying the application of ethical principles;
- performing regulatory oversight on the subject of ethics.

The role of Ethics Officer is held by Covivio's Chief Operating Officer (COO).

e) The Compliance Officer

The position of Compliance Officer was created in 2018.

To ensure that the Group complies with the ethical rules and principles applicable to it, the Compliance Officer:

- is involved in drafting and updating the Ethical Charter;
- ensures that it is distributed to all employees when it is updated and to new employees when they join the company;
- is in charge of its implementation; in this respect, the compliance officer ensures that each department puts in place suitable measures to comply with the provisions applicable to it, and relies on the Audit and Internal Control Department to perform the necessary checks;
- carries out due diligence on third parties; and
- in the event of a breach of these rules, ensures that appropriate measures are taken.

1.6.4.2.4 Data protection, a major challenge

a) Protection of personal data

In accordance with the EU's General Data Protection Regulation (GDPR), which strengthens existing national regulations, a compliance procedure has been implemented.

This includes:

- the appointment of a DPO;
- a network of "GDPR officers": as the DPO's operational representatives, they are in charge of compliance of the data processing carried out by their department and are responsible for fostering a culture of data protection within that department;
- introducing a GDPR code outlining company policy on data protection and the technical and organisational measures adopted for that purpose;
- drafting internal procedures to ensure compliance with company policy;
- organising training for all Group employees on best practice in data protection;
- keeping records of processing activities and making them available to the supervisory authorities;
- working on data security in general (personal or other data) through the appointment of an external Chief Information Security Officer (CISO), in charge of detecting possible security breaches and taking corrective action.

b) Ensuring the security of all data processed by the Group

In addition to data protection, the whole subject of cybersecurity is becoming a major concern for management. The risk of cybercrime and the mitigating measures implemented at Group level are described in more detail in the section on risk factors (see Section 1.6).

1.6.5.2.5 Risk Management

Risk mapping

As stated in Section 1.6 on risk factors, Covivio fully reviewed its risk mapping in 2019. This enabled it to gain a better understanding of the risks that could have an impact on the company's results, monitor changes to those risks and improve the way they are managed. This mapping is reviewed every year and presented in the Audit Committee.

Provision of an "incident database"

An "incident database" has been in place since the end of 2013. This gives managers and the General Management a forward-looking vision of the risk and boosts the effectiveness of the mechanisms for managing potential risks and known incidents, thereby preventing their occurrence or repetition and mitigating any consequences.

The deployment of this incident database enables Covivio Hotels to assess risks quantitatively and qualitatively, setting itself the following objectives:

- supporting employees with incident management, especially those that have not yet occurred;
- characterising these incidents by assessing their financial impact;
- producing risk analysis statements and summaries;
- suggesting solutions to limit these risks and any occurrence or repetition thereof;
- allocating the necessary resources.

1.6.4.2.6 Control activities proportionate to risks

The control activities are designed to mitigate the risks that could affect the achievement of the company's goals. The frequency of controls is adapted to the scale and nature of the risks.

Control of risks on investments, disposals and financing

Investments, disposals of assets and shareholdings and the provision of security interests, sureties, endorsements and guarantees are authorised by the Supervisory Board, if such transactions exceed the authorisation thresholds provided for in the Internal Regulations.

Major projects, ongoing developments and activity reports are submitted each month to the General Manager by each of the managers concerned.

The procedures governing these activities are regularly reviewed and updated before being disseminated to the relevant employees.

Control of recurring activities

Recurring activities are controlled in order to identify the necessary actions to:

- deliver the budgeted receipts;
- control operating expenses related to assets;
- control the direct operating costs they incur (personnel expenses, appraisals, Asset Management, etc.);
- compliance with the budget for support costs (human resources, information systems, communication, premises, etc.).

Compliance with the budget for insurance expenses, general expenses, legal expenses, etc., is the responsibility of the General Management. Group Management Control is responsible for controlling compliance with the budgets.

The control points for rental management and real estate engineering activities are:

- the provision of contractual services;
- delivery of the budgeted revenue;
- control of direct operating costs they incur (personnel expenses, travel and entertainment expenses, etc.);
- compliance with the budget for support costs (human resources, information systems, communication, premises, etc.).

The monitoring of variances between actual results and management control forecasts, as well as indicators and dashboards, is discussed at monthly business meetings.

1.6.4.2.7 Internal control system

Organisation of the internal control and risk management system

This system is based on the three lines of control presented below:

- the Internal Control system aimed at controlling Group processes. Each operational department and each functional department, both within Covivio Hotels and its subsidiaries, is responsible for establishing and updating the internal control system. This makes it possible to control their activities and oversee employee efficiency and the efficient use of their resources. This internal control system is continually evolving to remain consistent with the strategy, objectives, processes and level of risk management;
- the risk management system aimed at identifying major risks, evaluating them, and ensuring a satisfactory control level for the company;
- Internal Audit, which assesses, through specific assignments, the efficiency of the internal control and risk management systems. It reports directly to General Management and the Audit Committee, and indirectly to the Supervisory Board.

1.6.4.3 Internal control of accounting and financial information

The internal control of the accounting and financial information of Covivio Hotels and its subsidiaries is one of the major elements of the internal control system. It is designed to ensure:

- the compliance of the financial statements and the accounting and financial information with the regulations;
- the reliability of the published statements and the information communicated to the market;
- the application of instructions set by General Management;
- the prevention and detection of fraud and accounting irregularities.

1.6.4.3.1 Scope

The scope of accounting and financial internal control of Covivio Hotels extends to all its subsidiaries for the production of the consolidated financial statements.

1.6.4.3.2 Agents

Governance bodies

As the consolidating company, Covivio Hotels defines and supervises the process of preparing the accounting and financial information published. This process is facilitated by Covivio's Accounting Department.

The key players are:

- the General Manager of Covivio Hotels, which prepares the financial statements;
- the Supervisory Board and the Audit Committee, which examine them.

The Audit Committee, as the representative of the Supervisory Board, conducts the verifications and controls it deems appropriate.

Production of accounting and financial information

The quality of the process of producing the financial statements is the result of:

- formalised accounting procedures suited to recurring tasks and the closing and consolidation of the accounts;
- a consolidation manual, adapted to the functionalities of the consolidation software;
- validation and updating of accounting scenarios;
- verification of balances and the usual validation and control reconciliations, in conjunction with work carried out by management control;
- analytical reviews to validate changes in the principal balance sheet entries and the income statement with operations staff;
- separation of tasks between commitment powers (banking powers or authorisations to incur expenses) and accounting activities;
- review of consolidation reporting for each subsidiary at each closing, to ensure that the Group's accounting principles and methods are correct and harmonised;
- review of the impact of taxes and disputes.

Moreover, each key event concerning either the companies or the portfolios is the subject of a specific report compiled by the "company accounting" section of the Accounting Department, analysing its impact on the separate and consolidated financial statements.

The reliability of the processes allows the teams to focus more on control.

Production of the consolidated financial statements

For the preparation of the consolidated financial statements, the Accounting Department has written a detailed consolidation manual that contains specific instructions for French and foreign subsidiaries.

The consolidated financial statements are produced using a software package which is regularly updated to meet the requirements of IFRS and the specific aspects of Covivio Hotels' various operating and financial activities. The consolidated entities have a single accounting plan. The processed data is uploaded into the programme in data packages.

At each half-yearly and annual closing, the accountants of the various consolidation sub-levels receive detailed instructions prepared by the Accounting Department.

Instructions, issued well before the closing date, also inform the various other contributors of the data to be submitted and the deadlines for submission.

Independent reviews

Within the accounting departments of Covivio Hotels and its subsidiaries, the accounting work performed by the department's employees is reviewed by account managers. The accounting treatment of complex operations and the account closings are validated by the Accounting Manager at preparatory meetings for the closing of the corporate and consolidated financial statements.

Control of the communication of financial and accounting information

The General Manager sends the financial statements to the Supervisory Board, which reads the report from the Chairman of the Audit Committee.

The General Manager defines the financial communications strategy. The press releases about the financial and accounting information require approval from the Supervisory Board.

Covivio Hotels applies the EPRA Best Practices Recommendations, notably when presenting its financial statements, to harmonise its indicators. This presentation does not alter Covivio Hotels' accounting policies but provides greater clarity, particularly with regard to the operating results from leasing, ancillary activities, proceeds from disposals, recurring net income and net asset value. It also allows comparability with real estate companies that use the same reporting format.

Before the publication of the half-yearly and annual results and quarterly information, Covivio Hotels is required to maintain a quiet period during which the company refrains from contacting analysts and investors.

The financial and accounting information of Covivio Hotels is formatted by Covivio's Finance department, which complies with the general principles and best practices in financial communication as provided in the "Framework and Practices of Financial Communications" guide prepared by the Financial Communications Observatory under the aegis of the AMF.

1.6.4.4 2020 Outlook

In 2020, the Audit and Internal Control Department will ensure that the year's audit plan is fully and thoroughly implemented. It will strive to improve the management, identification, understanding and hedging of risks within the company. It will focus on continuing its due diligence, particularly in new markets for the company, and on monitoring compliance with new regulations on combating fraud and corruption and the protection of personal data.

1.7 Shareholding structure at 31 December 2019

Built around a strategy of long-term ownership of specialised assets in the hotel and retail sectors, operated by their respective market leaders, the shareholding structure of Covivio Hotels consists of the groups Crédit Agricole Assurances, Assurances du Crédit Mutuel, Generali Vie, Cardif Assurance Vie, Sogecap and Caisse des Dépôts et Consignations, together with Covivio, the founding shareholder.

1.7.1 Information on the share capital

At 1 January 2019, the company's equity stood at €472,231,544. It was made up of 118,057,886 shares with a par value of €4 each.

Following the final completion of the following transactions:

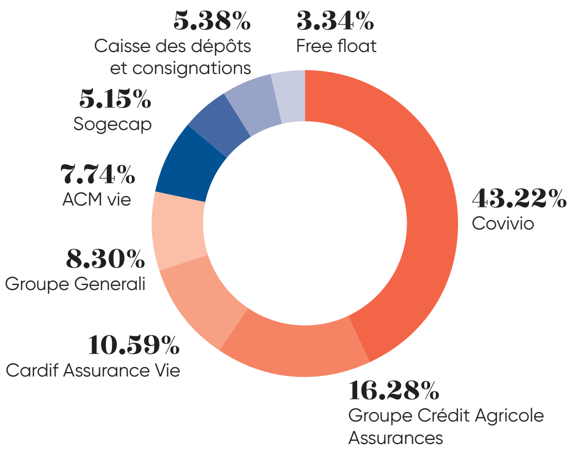
- contribution in kind by Caisse des Dépôts et Consignations to Covivio Hotels of 1,327,340 treasury shares it owned in Foncière Développement Tourisme in consideration for the granting of 613,244 new shares in the company;
- contribution in kind by Covivio to Covivio Hotels of 100 company shares of Société Civile Immobilière Ruhl-Côte d'Azur as well as a receivable of €10,500,000 in respect of an intragroup loan agreement that it holds dated 1 December 2015, to be repaid no later than 30 November 2022, in consideration for the granting of 2,365,503 new shares in the company.

The share capital of the company was thus increased by an amount of €11,914,988 by issuing 2,978,747 new shares with a par value of €4 each.

Consequently, at year-end on 31 December 2019, the company's equity amounted to €484,146,532. It was made up of 121,036,633 shares with a par value of €4 each.

In accordance with the decision taken at the Combined General Meeting of 10 April 2015 and Article 9 of the Articles of Association, each shareholder has as many votes as the shares they hold or represent. No double voting rights are conferred pursuant to Article L. 225-123, last paragraph, of the French Commercial Code.

The shareholding structure at 31 December 2019 was as follows:



Name of shareholders	Number of shares/Voting rights	Percentage
Covivio	52,307,218	43.22%
Groupe Crédit Agricole Assurances	19,706,321	16.28%
Cardif Assurance Vie	12,812,548	10.59%
Groupe Generali	10,050,573	8.30%
ACM vie	9,362,740	7.74%
Sogecap	6,234,282	5.15%
Caisse des Dépôts et Consignations	6,516,141	5.38%
Free float	4,043,761	3.34%
Treasury shares	3,049	/
TOTAL	**121,036,633**	**100%**

1.7.2 Distribution of share capital and voting rights

For the last three fiscal years, the share capital and voting rights of the company have been distributed as follows:

	31/12/2019			31/12/2018			31/12/2017		
	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights
Covivio	52,307,218	43.22	43.22	49,941,715	42.30	42.30	43,907,730	49.99	49.99
Groupe Crédit Agricole Assurances	19,706,321	16.28	16.28	19,706,321	16.69	16.69	13,220,725	15.06	15.06
Groupe Generali	10,050,573	8.30	8.30	10,050,573	8.51	8.51	9,045,516	10.30	10.30
Cardif Assurance Vie	12,812,548	10.59	10.59	12,812,548	10.85	10.85	8,588,060	9.78	9.78
ACM Vie	9,362,740	7.74	7.74	9,362,740	7.93	7.93	5,483,232	6.24	6.24
Sogecap	6,234,282	5.15	5.15	6,234,282	5.28	5.28			
Caisse des Dépôts et Consignations	6,516,141	5.38	5.38	5,902,897	5	5			
Pacifica	Subsidiary of Groupe Crédit Agricole Assurances			Subsidiary of Groupe Crédit Agricole Assurances			1,571,739	1.79	1.79
Free float	4,043,761	3.34	3.34	4,041,970	3.42	3.42	5,996,642	6.83	6.83
Treasury shares	3,049	–	0	4,840	–	0	2,443	–	0
TOTAL	**121,036,633**	**100**	**100**	**118,057,886**	**100**	**100**	**87,816,087**	**100**	**100**

1.7.3 Threshold crossing disclosures and declarations of intent

Threshold crossing disclosures

During the fiscal year 2019, the company was informed of the following legal and statutory threshold crossings:

Shareholder	Date limit exceeded	Upward threshold crossing		Downward threshold crossing		Shares	Voting rights	% of share capital	% of voting rights
		Legal	Articles of Association	Legal	Articles of Association				
Covivio	5 April 2019	/	43%	/	/	52,307, 218	52,307, 218	43.22%	43.22%

Declarations of intent

Nil.

1.7.4 Changes in equity over the last five fiscal years

Transactions affecting the company's equity over the past five years are detailed below:

		Transaction					After transactions	
Dates	Type	Number of securities	Nominal value (€)	Share premium (€)	Merger premium (€)	Contribution premium (€)	Number of securities	Successive amounts of capital (€)
28 March 2017	Capital increase with preferential right of subscription	9,262,995	37,051,980	163,028, 712			83,366, 958	333,467,832
19 May 2017	Capital increase following payment of the dividend in shares	4,449,129	17,796,516	93,298, 235			87,816, 087	351,264,348
24 January 2018	Capital increase following the final completion of the company's merger with FDM Management SAS	17,460,738	69,842,952	/	351,367, 826		105,276, 825	421,107,300
24 January 2018	Capital increase following the final completion of the contribution of shares from SCI Hôtel Porte Dorée	975,273	3,901,092			19,554,224	106,252, 098	425,008,392
21 June 2018	Capital increase by free allocation of share warrants	11,805,788	47,223,152	252,053, 573.80			118,057, 886	472,231,544
27 March 2019	Capital increase following the final completion of the contribution by Caisse des Dépôts et Consignations to Covivio Hotels of 1,327,340 Foncière Développement Tourisme treasury shares	613,244	2,452,976			12,749,356	118,671, 130	474,684,520
5 April 2019	Capital increase following the final completion of the contribution by Covivio to Covivio Hotels of 100 company shares of Société Civile Immobilière Ruhl-Côte d'Azur as well as a receivable of €10,500,000 in respect of an intragroup loan agreement dated [1] December 2015	2,365,503	9,462,012			30,622,169	121,036, 633	484,146,532

1.7.5 Information on cross-shareholding and share buyback programme

The Combined General Meeting of 5 April 2019 authorised the company, pursuant to Article L. 225-209 of the French Commercial Code, to trade in its own shares, within a limit of a number of shares not exceeding 10% of the share capital for a period of eighteen months.

The features of this share buyback program are as follows:

- the maximum price is €30 per share;
- the maximum amount of funds allocated to the buyback programme would be €200,000,000;
- purchase, disposal, exchange or transfer transactions may be executed by any means, whether on the market or over the counter, including block purchases or sales, or by using financial instruments, with the following primary aims:
  - delivering shares upon the exercise of rights attached to securities granting access to the share capital,
  - holding and delivering them as payment or in exchange under potential external growth transactions, mergers, spin-offs or contributions,
  - cancelling shares,
  - implementing a liquidity agreement with an investment service provider under the conditions and according to the methods set by the regulations and recognised market practices,
  - using them in any other practice that may come to be recognised by law or by the French Financial Markets Authority (*Autorité des marchés financiers*) or any other purpose that would provide a basis for the presumption of legitimacy.

These transactions may take place at any time, in compliance with the regulations in force, except during a public tender offer.

The last authorisation brought an end to the previous share buyback programme, authorised by the Combined General Meeting of 6 April 2018, which resulted in 3,902 treasury shares being held by the company at 5 April 2019 under the liquidity agreement.

The General Meeting has conferred all powers on the General Manager to place any orders on the securities exchange or over the counter, and in general to do whatever is necessary and useful for the execution of the decisions to be taken in connection with such authorisation.

This share buyback programme was implemented by decision of the General Manager dated 5 April 2019.

The terms and conditions relating to the new buyback programme were set forth in the share buyback programme description posted on the company's website on 5 April 2019.

The monthly trading volumes for **the fiscal year 2019** are as follows:

	Purchase		Sale	
Share buyback programme authorised by the GM of 6 April 2018	Number of shares	Average price per share (€)	Number of shares	Average price per share (€)
January	1,139	24.36	1,541	24.57
February	1,538	25.17	1,306	25.42
March	858	26.50	1,378	26.83
From[1] to 5 April	54	27.93	828	27.33

	Purchase		Sale	
Share buyback programme authorised by the GM of 5 April 2019	Number of shares	Average price per share (€)	Number of shares	Average price per share (€)
From 8 to 30 April	1,545	27.57	791	26.40
May	1,670	25.76	795	25.92
June	1,375	25.90	1,783	26.02
July	1,419	25.82	1,154	26.12
August	1,458	25.92	2,580	26.21
September	2,386	27.05	2,573	27.22
October	2,629	27.60	3,206	27.84
November	2,352	27.82	2,270	28.09
December	3,328	28.30	3,337	28.58

Accordingly, in the fiscal year 2019, the company proceeded under the liquidity agreement to purchase 21,751 of its own shares at an average price of €26.5386 per share, and to dispose of 23,542 of its own shares at an average price of €26.7165 per share.

No cancellation of shares took place during the year.

At 31 December 2019, Covivio Hotels thus held 3,049 of its own shares representing 0.003% of the share capital, valued at €86,896.50 at 31 December 2019, on the basis of the purchase price (i.e. €28.50 per share) and equivalent to a par value of €12,196.

The transaction costs during the fiscal year 2019 were €55,000 excluding tax.

As the authorisation that was granted by the General Meeting on 5 April 2019 was for a period of 18 months, a new share buyback programme will be submitted to the Combined General Meeting on 3 April 2020.

1.7.6 Options for the subscription or purchase of treasury shares

Nil.

1.7.7 Transactions carried out by corporate officers and related persons on the company's securities

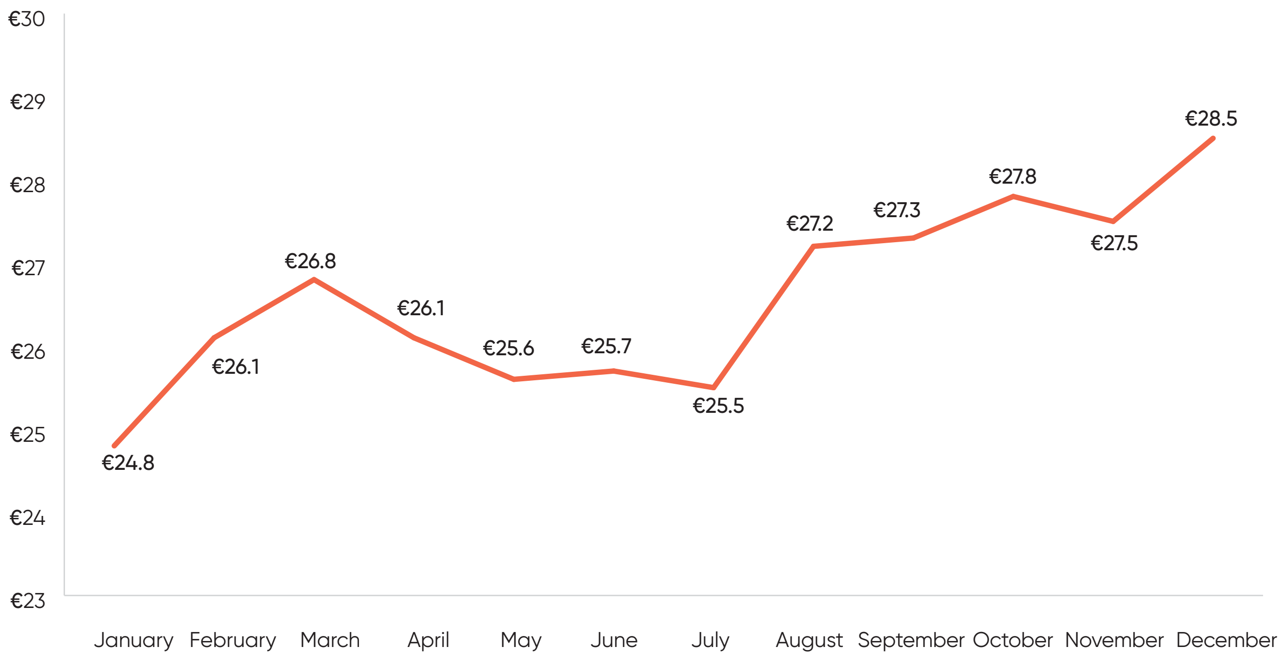
Corporate officers	Purchase of financial instruments	Price per share	Sale of financial instruments	Price per share	Number of securities held at 31 December 2019
Mr Kullmann	/	/	/	/	2,515
Mr Estève	/	/	/	/	790
Ms Debrus	/	/	/	/	7
Covivio Participations	/	/	/	/	1
Ms Lelong-Chaussier	/	/	/	/	0
Covivio	2,365,503	€24.79		/	52,307,218
Ms Goudallier	/	/	/	/	0
Fonciere Margaux	/	/	/	/	1
Ms Seegmuller	/	/	/	/	0
Predica	/	/	/	/	17,354,019
Mr Chabas	/	/	/	/	0
ACM Vie	/	/	/	/	9,362,740
Mr Morrisson	/	/	/	/	0
Generali Vie	/	/	/	/	8,857,876
Mr Pezet	/	/	/	/	0
Cardif Assurance Vie	/	/	/	/	12,812,548
Ms Robin	/	/	/	/	0
Sogecap	/	/	/	/	6,234,282
Mr Briand	/	/	/	/	0
Caisse des Dépôts et Consignations	613,244	€24.79	/	/	6,516,141
Mr Taverne	/	/	/	/	0
Ms Damerval	/	/	/	/	10
Mr Luchet	/	/	/	/	11
Mr Ozanne, Chairman of Covivio Hotels Gestion, General Manager of the company	/	/	/	/	32,702

1.8 Stock market and dividends

1.8.1 Share price at 31 December 2019

The closing share price for the fiscal year was €28.5, bringing the market capitalisation to €3,450 million at 31 December 2019.

Performance of the share price of Covivio Hotels in 2019



The shares of Covivio Hotels are admitted to trading on Compartment A of the Euronext Paris market.

Movements in the share price were as follows in fiscal year 2019:

	Low	High	No. of shares traded	Number of trading sessions
January 2019	23.5	25.3	26,461	22
February 2019	24.7	26.5	41,690	20
March 2019	26.0	27.2	47,355	21
April 2019	25.9	28.8	64,401	20
May 2019	25.2	26.3	36,547	22
June 2019	25.4	26.4	15,628	20
July 2019	25.3	26.9	32,829	23
August 2019	25.5	27.2	33,312	22
September 2019	26.7	27.8	37,801	21
October 2019	27.3	28.2	39,303	23
November 2019	27.5	28.7	40,429	21
December 2019	27.5	29.3	78,048	20

1.8.2 Dividend payments

1.8.2.1 Dividends paid in the last five fiscal years

Fiscal year	Number of shares	Dividend paid per share	Amount of dividend eligible for the 40% rebate	Amount of dividend not eligible for the 40% rebate
2015	74,103,963	€1.55	€0	€1.55
2016	74,103,963	Ordinary dividend: €1.55 Extraordinary dividend: €1.55	€0	€3.10
2017	106,252,098	€1.55	€0 or €0.066 if election is made for the income tax scale option	€1.55 or €1.484 if election is made for the income tax scale option
2018	118,057,886	€1.55	€0 or €0.0337 if election is made for the income tax scale option	€1.55 or €1.2163 if election is made for the income tax scale option
2019	121,036,633	€1.55*	€0 or €0.5418 if shareholder chooses the income tax option	€1.55 or €1.0082 if shareholder chooses the income tax option

* Dividend proposed to the Combined General Meeting of 3 April 2020.

In accordance with Article 208 C II of the general tax code, the SIIC status allows the exemption of rental income, real estate capital gains and dividends from SIIC subsidiaries, provided that at least 95% of income from operations, 70% of capital gains and 100% of dividends are distributed to shareholders.

The company's distribution policy has of course taken the provisions laid down by the regulations into account

1.8.2.2 Dividend distribution policy

Covivio Hotels intends to undertake an active distribution policy for *cash* flow generated over the fiscal year, thus meeting objective of offering a high yield.

The Combined General Meeting of 3 April 2019 will accordingly be asked to approve a dividend payment of €1.55 per outstanding share. This dividend represents a total amount of €187,606,781.15, or 90% of EPRA Earnings.

The payout rate of 87% can be seen more clearly by looking at the amount of the dividend and

- the amount of EPRA Earnings at €209 million;
- and the amount of EPRA Earnings per share at €1.74, based on the average number of shares over the fiscal year, giving a payout of 89%.

1.8.3 Shares held by corporate officers

Number of shares held by corporate officers holding an office in Covivio

	Number of Covivio shares held	
	2018	**2019**
Christophe Kullmann	84,091*	101,630
Dominique Ozanne	29,932	59,813
Olivier Estève	53,452	61,065

* Fully-owned shares to which may be added 18,000 shares beneficially owned resulting from a bare ownership transfer.

1.9 Information about the company and its investments

1.9.1 Group organisation

Covivio Hotels holds direct and indirect investments in 161 companies in France and abroad.

The companies SNC Foncière Otello, SNC René Clair, Société Civile Immobilière Ruhl Côte d'Azur and Foncière Ulysse hold real estate assets or investments in the hotel real estate sector in France and Belgium. In addition, Covivio Hotels holds real estate assets in Spain through investments acquired in 2017 (16 hotel real estate assets) and an investment in B&B Invest Espagne SLU (four B&B hotels).

Following the Extraordinary General Meeting held on 24 January 2018, FDM Management SAS was merged into Covivio Hotels. Following this transaction, Covivio Hotels holds Hotel operating properties, either directly or through investments. Since 2019, Covivio Hotels holds one hotel real estate in Ireland in Dublin through investments.

Murdelux, based in Luxembourg, holds investments in the following companies:

- Portmurs, holder of a Club Med in Da Balaïa, Portugal;
- Sunparks Tréfonds, Sunparks Oostduinkerke, and Foncière Kempense Meren, which directly hold two holiday villages operated by Pierre & Vacances in Belgium;
- B&B Invest Lux 1, B&B Invest Lux 2, B&B Invest Lux 3, B&B Invest Lux 4, B&B Invest Lux 5 and B&B Invest Lux 6 which hold 48 hotels in Germany;
- Mo Lux One, which holds two hotel real estate assets in Germany through investments;
- H Invest lux and H Invest lux 2, which directly hold seven NH hotel real estate assets in Germany;
- Ringer which holds a MEININGER hotel in Germany;
- NH Amsterdam Center BV, which holds a hotel real estate asset in the Netherlands through an investment;
- Amsterdam Noord, which holds an NH hotel real estate asset in the Netherlands through an investment;
- Amersfoort, which holds an NH hotel real estate asset in the Netherlands though an investment;
- five companies holding assets in Poland: three hotels purchased in 2019;
- Rocky portfolio holdings (13 companies), which holds 12 hotel real estate assets in the United Kingdom through investments.

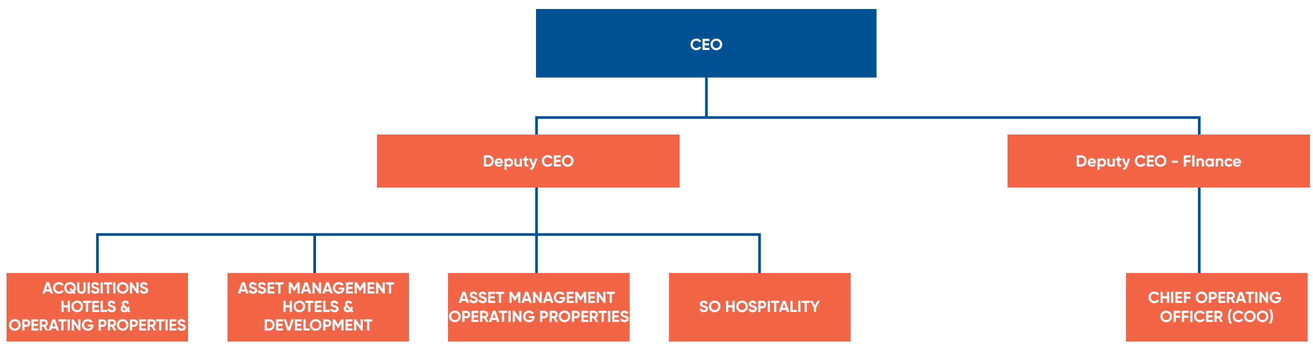
Covivio Hotels holds:

- 50.2% of the company OPCI B2 hotel Invest, created in partnership with Crédit Agricole Assurances and Assurances du Crédit Mutuel, and used to indirectly hold 181 B&B hotel real estate assets in France. OPCI B2 HI delivered a hotel real estate asset under development in 2018;
- 50.1% of the company SAS Samoens, created in partnership with Assurances du Crédit Mutuel, and used to hold Club Méditerranée Samoens in France (hotel sector);
- 31.15% of the company Oteli, created in partnership with Caisse des Dépôts et Consignations and Sogecap, and used to indirectly hold Accor assets in France (hotel real estate sector);
- 33.33% of the company kombon SAS, created in partnership with Caisse des Dépôts et Consignations and Sogecap, and used to indirectly hold Accor assets in France (hotel real estate sector);
- 33.33% of the company Jouron SAS, created in partnership with Caisse des Dépôts et Consignations and Sogecap, and used to indirectly hold Accor assets in Belgium (hotel sector);
- 19.9% of the companies IRIS Holding France and OPCI IRIS INVEST 2010 and 20% of SCI Dahlia, created in partnership with Crédit Agricole Assurances, and used to directly or indirectly hold Accor assets (hotel real estate sector);
- 19.9% of the company OPCI CAMP INVEST, created in partnership with Crédit Agricole Assurances, and used to indirectly hold Campanile assets (hotel real estate sector).

Covivio Hotels has teams to undertake its development and Asset Management. These teams conduct Asset Management activities, focused on the real estate strategy to be adopted for the assets held (disposal, renovation, financial management, etc.). Asset by asset, the teams' role is to create value by optimising the profitability/risk ratio.

Covivio provides Covivio Hotels with assistance in the following functional tasks: IT, finance, communication, legal, tax, insurance, human resources, general services and sustainable development.

In France, Covivio Hotels' Property Management is mainly undertaken by Covivio Property, a subsidiary of Covivio. This role consists of managing all aspects of the real estate assets lifespan (rental payments, ongoing maintenance, etc.).



1.9.2 Equity investments

In accordance with Article L. 233-6 of the French Commercial Code, we bring to your attention the fact that Covivio Hotels made investments:

- through its Murdelux subsidiary, in five Polish companies during the acquisition of three hotels in Poland;
- through its Constance subsidiary, in three Irish companies during the acquisition of one hotel in Dublin;
- 31.15% of the company Oteli, created in partnership with Caisse des Dépôts et Consignations and Sogecap, and used to indirectly hold Accor assets in France (hotel real estate sector);
- 33.33% of the company kombon SAS, created in partnership with Caisse des Dépôts et Consignations and Sogecap, and used to indirectly hold Accor assets in France (hotel real estate sector);
- 33.33% of the company Jouron SAS, created in partnership with Caisse des Dépôts et Consignations and Sogecap, and used to indirectly hold Accor assets in Belgium (hotel real estate sector).

1.9.3 Results of subsidiaries and investments

The table of subsidiaries and investments, drawn up in accordance with Article L. 233-15 of the French Commercial Code, is set out in section 3.5 Notes to the company financial statements (Section 3.5.6.5).

1.9.4 Research and development activities of the company and its subsidiaries

Covivio Hotels did not conduct any research and development during the past fiscal year.

1.9.5 Significant events after year-end

Nil.

1.9.6 Information on trends

In 2020, Covivio Hotels intends to continue its growth in major European cities.

1.9.7 Related party transactions

Information relating to related parties and affiliates is presented in Section 3.5 – Notes to the company financial statements (see Sections 3.5.6.4 and 3.5.6.5).

1.9.8 Competitive position

Since its creation in 2004, Covivio Hotels' hotel real estate investment activity in Europe has become increasingly competitive and has seen the development of a number of specialist players including Pandox, Axa Real Estate, Honotel, Algonquin, Event Hotels and Invesco.

With its extensive experience and based on real partnerships developed with its customers, Covivio Hotels is one of the main players in the market of outsourced hotel properties.

Covivio Hotels is positioned as leader in the hotel real estate sector and is the largest owner of hotel real estate in Europe: In this respect, Covivio Hotels is the leading lessor among hotel real estate operators in Europe (such as Accor, B&B, IHG and NH Hotel Group).

Given the absence of detailed information reported by competitors about the market, and available at the time of publication, we are unable to provide comparative figures.

1.10 Supplementary report by the General Manager to the Combined General Meeting of 3 April 2020

Ladies and Gentlemen,

We have convened a Combined General Meeting for the purpose of submitting 24 draft resolutions to you. The purpose of this report is to comment on those draft resolutions, the full text of which will be sent to you separately.

I. Ordinary resolutions

Resolutions 1 to 13 are resolutions for the Ordinary General Meeting.

1. Approval of the company and consolidated financial statements, allocation of income and dividend (Resolutions 1, 2 and 3)

Draft **Resolutions 1 and 2** concern the approval of the company and consolidated financial statements for the fiscal year ended 31 December 2019, approved by the General Manager on 7 February 2020, in accordance with the provisions of Article L. 226-7 and L. 232-1 of the French Commercial Code.

In **Resolution 3**, you are asked to allocate income for the 2019 fiscal year in the amount of €184,274,608.60 and to authorise a dividend of €1.55 per share.

The dividend will be paid on 14 April 2020.

Based on the total number of shares outstanding at 31 December 2019, i.e. 121,036,633 shares, a total dividend of €187,606,781.15 will be allocated.

The allocation of income is presented in Section 1.5.2.5 of this management report.

2. Approval of the agreements referred to in Article L. 226-10 of the French Commercial Code (Resolution 4)

The purpose of **Resolution 4**, which we hereby submit to you, is to approve (i) the Statutory Auditors' special report on the agreements and commitments described in Article L. 226-10 of the French Commercial Code, as well as (ii) the regulated agreements entered into or executed by the company during the fiscal year ended 31 December 2019. For more information, please refer to the Statutory Auditors' report on regulated agreements and commitments, contained in Chapter 3 of the Universal Registration Document entitled "Financial information".

Regulated agreements entered into during the fiscal year ended 31 December 2019 that have not yet been submitted to the approval of the General Meeting are described below:

- contribution in kind agreement signed on 4 March 2019 between Caisse des Dépôts et Consignations and Covivio Hotels for the purpose of establishing the terms and conditions and methods for the contribution by Caisse des Dépôts et Consignations to Covivio Hotels of the entirety of the 1,327,340 shares held in Foncière Développement Tourisme;
- agreement to waive the application of the provisions of the Partners' Agreement pertaining to Foncière Développement Tourisme (FDT) in the context of the planned capital reduction and contribution transactions agreed between Caisse des Dépôts et Consignations and Covivio Hotels on 4 March 2019 in the presence of FDT and Ampère Gestion, formalising the parties' consent to waive the rights and obligations deriving from the FDT agreement.

These agreements, authorised by the Supervisory Board on 13 February 2019, allow Covivio Hotels to hold the entirety of Foncière Développement Tourisme's equity, to simplify its organisation and to reduce the capital of FDT, whose proportion of unpaid share capital is no longer justified in view of the signing of the contribution agreement.

The agreements signed between the company and one of the members of its Supervisory Board may be duly approved pursuant to Article L. 226-10 of the French Commercial Code:

- sale on 26 April 2019 by the company BRE/GH II Berlin II Investor GmbH, an indirect subsidiary of Covivio Hotels, to the Luxembourg company Covivio Alexanderplatz SAS, a Covivio subsidiary, of the existing land and retail holdings located in Alexanderplatz;
- agreement signed on 26 April 2019 stipulating the payment by Covivio Alexanderplatz SAS to BRE/GH II Berlin II Investor GmbH of €26.5 million in compensation for the complete demolition of some retail spaces and the partial demolition of Primark. This payment is expected to take place within 30 days from the beginning of the demolition planned for 2024.

These agreements, authorised by the Supervisory Board on 15 November 2018, allow Covivio Hotels to sell the land holdings located near Park Inn Berlin for the development of a mixed-use project consisting of office, retail and residential space, which does not fit under Covivio Hotels' business activities.

As Covivio and Covivio Hotels are indirectly related parties by virtue of having corporate officers in common, it is appropriate to approve these in accordance with Article L. 226-10 of the French Commercial Code.

- Memorandum of Understanding signed on 27 May 2019 between Caisse des Dépôts et Consignations, Sogecap and Covivio Hotels, defining the terms and conditions of the future Partners' Agreements to be established, particularly between Caisse des Dépôts et Consignations, Sogecap and Covivio Hotels and the companies Oteli France, Jouron and Kombon SAS (the Target Companies) and their subsidiaries, to take into account the entry of Covivio Hotels and Murdelux into the share capital of the Target Companies and the agreements for the management of property assets for which Covivio Hotels or a company within the Covivio group may become the manager.
- Partners' Agreement signed on 1 July 2019 between Caisse des Dépôts et Consignations, Sogecap, Covivio Hotels, Covivio Hotels Gestion Immobilière and Kombon SAS to, among other matters, organise the relations between the partners, the investors, the Chairman, Covivio Hotels Gestion Immobilière and Kombon SAS, the management and governance methods of Kombon SAS as well as the methods for the transfer of the shares.
- Partners' Agreement signed on 1 July 2019 between Caisse des Dépôts et Consignations, Sasu Fonae, Sogecap, Orientex Holdings, Covivio Hotels, Covivio SGP, Covivio Hotels Gestion Immobilière and Oteli France to, among other matters, organise the relations between the partners, the investors, the management company, Covivio Hotels Gestion Immobilière and Oteli France, the management and governance methods of Oteli France and its subsidiaries, as well as the methods for the transfer of the shares.

- Partners' Agreement signed on 1 July 2019 between Caisse des Dépôts et Consignations, Simplon Belgique SAS, Sogecap, Covivio Hotels, Murdelux, Covivio Hotels Gestion Immobilière and Jouron SPRL to, among other matters, organise the relations between the partners, the investors, the General Manager, Covivio Hotels Gestion Immobilière and Jouron SPRL, the management and governance methods of Jouron SPRL, as well as the methods for the transfer of the shares.

These agreements, authorised by the Supervisory Board on 5 April 2019, enable the company to improve the quality of its portfolio located in France, to improve expected short-term performance and to establish the potential for creating value.

The agreements signed between the company and one of the members of its Supervisory Board may be duly approved pursuant to Article L. 226-10 of the French Commercial Code.

3. Approval of the corporate officer remuneration policy (Resolutions 5 and 6)

In application of the provisions of Article L. 226-8-1 II of the French Commercial Code, the General Manager proposes that you vote on resolutions 5 and 6 to approve the corporate officer remuneration policy applicable to the General Manager (Resolution 5) and to members of the Supervisory Board (Resolution 6).

Covivio Hotels' corporate officer remuneration policy is described in the Supervisory Board's report on corporate governance in Section 4.2.4.1 of the Universal Registration Document.

4. Approval of information pertaining to all corporate officer remuneration for the fiscal year ended 31 December 2019 (Resolution 7)

In application of the provisions of Article L. 226-8-2 I of the French Commercial Code, you are asked, by voting on Resolution 7, to approve the information noted in Article L. 225-37-3 I of the French Commercial Code regarding all corporate officer remuneration, including corporate officers whose terms of office have ended and those newly appointed during the fiscal year ended 31 December 2019, as described in the Supervisory Board's report on corporate governance in Section 4.2.4.2 of the Universal Registration Document.

5. Approval of the components of individual remuneration paid or allocated to executive officers of the company for the fiscal year ended 31 December 2019 (Resolutions 8 and 9)

In application of the provisions of Article L. 226-8-2 II of the French Commercial Code, you are asked, by voting on Resolutions 8 and 9, to approve the fixed, variable and exceptional components of overall remuneration and benefits in kind paid during the fiscal year ended 31 December 2019 or allocated for the same year to executive officers.

The components of remuneration pertain to the General Manager, the company Covivio Hotels Gestion and the Chairman of the Supervisory Board, with the specification that Mr Christophe Kullmann, in his role as the Chairman of the Supervisory Board, did not receive any fixed, variable, exceptional components of remuneration or any benefits in kind paid during the fiscal year ended 31 December 2019 or allocated for that year.

These components are described in the Supervisory Board's report on corporate governance in Sections 4.2.4.3.1 and 4.2.4.3.2 of the Universal Registration Document.

6. Renewal of the terms of office of members of the Supervisory Board (Resolutions 10 and 11)

Since the terms of office, as members of the Supervisory Board of Foncière Margaux (Resolution 10), and Covivio Participations (Resolution 11), expire at the end of the Combined General Meeting of 3 April 2020, you will be asked in **Resolutions 10 and 11** to reappoint them for a three-year term expiring at the end of the General Meeting of Shareholders held in 2023 to approve the annual financial statements for the fiscal year ending 31 December 2022.

Subject to the approval of said resolutions:

- Foncière Margaux will continue to be represented on the Supervisory Board by Marielle Seegmuller;
- Covivio Participations will continue to be represented on the Supervisory Board by Joséphine Lelong-Chaussier.

A brief biography, a list of all appointments and positions held over the last five fiscal years and the number of shares held can be found in Section 4.2.5 of the Supervisory Board's report on corporate governance.

7. Appointment of Najat Aasqui as member of the Supervisory Board (Resolution 12)

You are asked to vote on Resolution 12 to appoint Najat Aasqui as a member of the company's Supervisory Board. Her term of office will be granted for a period of three years to expire at the close of the General Meeting held in 2023 to approve the annual financial statements for the fiscal year ending 31 December 2022.

Najat Aasqui is profiled in Section 4.2.1.2 of the Universal Registration Document in the Supervisory Board's report on corporate governance.

Najat Assqui hold a postgraduate degree (DESS) in Banking and Finance (Paris X) and a master's degree in Economics (Lille I). She joined Crédit Agricole Assurances in 2017 as Head of Investments (Private Equity and listed shares). In March 2019, she was appointed Head of Investment Portfolios for listed shares & real estate at CAA. Najat previously held several positions in corporate banking, particularly in acquisition finance at Crédit Agricole.

If Resolutions 10 to 12 are all approved by the General Meeting, and following the expiry of Françoise Debrus' term of office, the percentage of women on the Board will remain at 43%.

8. Authorisation to the General Manager for the company to purchase its own shares (Resolution 13)

In **Resolution 13**, it is proposed that you authorise the implementation of a share buyback programme. The principal characteristics of this programme will be as follows:

- the number of shares bought back may not exceed 10% of the share capital of the company;
- the purchase price may not exceed €40 per share (excluding acquisition costs);
- the maximum amount of funds reserved for the share buyback programme will be two hundred million euros (€200,000,000);
- this programme may not be implemented during a public takeover bid.

The buyback by the Company of its treasury shares would result in:

- delivering shares upon the exercise of rights attached to securities entitled to the award of treasury shares;
- delivering them as payment or in exchange under potential external growth transactions, mergers, spin-offs or contributions;
- cancelling shares in whole or in part, subject to the adoption of the Resolution 17;
- implementing a liquidity agreement, noting that by law, in the event of acquisition under a liquidity agreement, the number of shares counting toward the limit of 10% of share capital is the number of shares purchased less the number of shares resold during the authorisation granted by the General Meeting and;
- any other practice that may be recognised by the law or the *Autorité des marchés financiers* or any other purpose that could be authorised by the law or regulations in effect, on the understanding that in such a case, the company would inform its shareholders by sending out a notice.

Prior to implementing the programme, a description of the programme pursuant to Article 241-1 of the *Autorité des marchés financiers* General Regulation will be published on the Covivio Hotels website.

This authorisation would be given to the General Manager for a period of 18 months with effect from the date of the General Meeting of 3 April 2020 and would immediately terminate, for the unused portion, the authorisation given by the Combined General Meeting of 5 April 2019.

II. Extraordinary resolutions

You will be asked, on an extraordinary basis, to approve the amendment of the company's Articles of Association followed by the renewal of some financial delegations granted to the General Manager and to authorise your General Manager, within the limits and conditions you will set, to decide upon the issuance of shares and/or securities directly or indirectly granting access to share capital.

The General Manager wishes to continue having the means of swift and flexible access to the funding necessary for the company's development, if necessary by placing shares on the market.

Consequently, it is proposed that you grant the General Manager the following financial authorisations:

- resolution 16: capital increase through the incorporation of reserves, profits or premiums;
- resolution 18: issuance of shares and/or securities granting access to company's equity, maintaining shareholders' preferential right of subscription;
- resolution 19: issuance of shares and/or securities granting access to company's equity, through public offering, with waiver of shareholders' preferential right of subscription and a mandatory priority period for share issues;
- resolution 21: issuance of shares and/or securities granting access to company's equity, with a view to compensating in-kind contributions given to the company made up of equity or securities convertible to equity, with waiver of shareholders' preferential right of subscription;
- resolution 22: issuance of shares and/or securities granting access to company's equity, through a public exchange offer launched by the company, with waiver of shareholders' preferential right of subscription;
- resolution 23: capital increases reserved for employees of the company covered by a savings plan, with waiver of shareholders' preferential right of subscription.

You will also be asked:

- in **Resolution 17**, to authorise the General Manager to reduce the share capital of the company by cancelling shares purchased under share buyback programmes adopted by the company;
- in **Resolution 20**, to authorise the General Manager, in the event of a capital increase with or without waiver of shareholders' preferential right of subscription, to increase the number of securities to be issued in case of over-subscription.

In proposing that you grant these authorisations, the General Manager is keen to inform you, in compliance with the legal and regulatory texts, of the impact of the corresponding resolutions submitted for your approval.

In accordance with the applicable regulations, the General Manager will, where appropriate, prepare a supplementary report relating to the use of these financial delegations, mentioning the following:

(i) the impact of the issuance on the situation of holders of equity securities and securities granting access to share capital (especially as regards their portion of shareholders' equity); and

(ii) the theoretical impact of the aforementioned issuance on the stock market value of the Company's shares.

The Statutory Auditors will prepare their own report on the financial delegations, which will be made available to you in accordance with the legal and regulatory conditions.

I – Approval of the changes to Article 15 (Supervisory Board remuneration) and Article 8 (Form and disposal of shares) of the Articles of Association (Resolutions 14 and 15)

By voting on Resolutions 14 and 15, we propose the modification of:

- Article 15 of the Articles of Association regarding the remuneration of the Supervisory Board in order to eliminate the concept of attendance fees following the adoption of the law for business growth and transformation (PACTE law) on 22 May 2019;
- Article 8 of the Articles of Association regarding the form and disposal of shares and the identification of holders of securities in order to update it with the new provisions of Article 228-2 of the French Commercial Code regarding the identification of those holding negotiable debt securities.

II – Delegation of authority to be granted to the General Manager to increase the share capital of the company through the capitalisation of reserves, earnings or premiums (Resolution 16)

Under **Resolution 16**, you will be called upon to decide on the authorisation to be granted to the General Manager, which may further delegate its authority, to carry out a capital increase, through capitalisation of all or part of the reserves, earnings, premiums or other sums for which capitalisation would be permitted. This transaction would not necessarily translate into the issue of new shares.

This delegation of authority, which would also be granted for a period of twenty-six months, would allow the General Manager to decide whether to proceed with one or more capital increases, subject to a maximum nominal amount of forty-eight million four hundred thousand euros (€48,400,000) (excluding adjustments to protect holders of securities granting access to share capital), representing approximately 10% of the share capital. Furthermore, this cap would be set independently and separately from the capital increase caps resulting from share or security issues likely to be approved under **Resolutions 18 to 23**.

This delegation would terminate, with immediate effect, for the unused portion, the delegation granted by the Combined General Meeting of 5 April 2019.

III – Authorisation to the General Manager to reduce the company's share capital through the cancellation of shares (Resolution 17)

Concurrently with the authorisation given to the company to conduct transactions in its own shares under **Resolution 13**, it is proposed in **Resolution 17** that you authorise the General Manager, which may further delegate such authority, to cancel the shares acquired by the company under the share buyback programme presented in **Resolution 13**, or in any resolution having the same purpose and the same legal basis.

As provided for under French law, shares may only be cancelled up to a limit of 10% of the share capital in any 24-month period.

Consequently, you will be asked to authorise the General Manager to reduce the share capital accordingly under the applicable legal conditions.

This authorisation, given for a period of 18 months, would immediately terminate, for the unused portion, the delegation granted by the Combined General Meeting of 5 April 2019.

IV – Delegation of authority to be granted to the General Manager to issue shares and/or securities granting access to company's equity, maintaining shareholders' preferential right of subscription (Resolution 18)

In **Resolution 18**, it is proposed that you delegate to the General Manager, which may further delegate such authority, powers to issue treasury share and/or other securities (including warrants for new or existing shares), convertible by any means, immediately or in the future, to the company's equity, in a subsidiary in which the company holds more than 50% of the shares directly or indirectly, or in a company directly or indirectly holding more than 50% of the company's shares, issued for free or against payment, maintaining shareholders' preferential right of subscription.

The General Manager may use this authority in order to have the necessary funds available at the appropriate time to develop the company's business.

In proportion to the value of their shares, shareholders would have preferential subscription rights to the shares and securities issued under this delegation. In case of deferred access to shares of the company – i.e. by transferable securities granting access to company shares by any means – your approval of this resolution would imply a waiver by the shareholders of their preferential right to subscribe for the shares to which these securities would be entitled.

The maximum nominal amount of the capital increases likely to be made would be set at two hundred and forty-two million euros (€242,000,000), representing approximately 50% of the share capital. This amount would be set independently and separately from the capital increase caps resulting from share and/or security issues approved under **Resolutions 16 and 19 to 23**.

The nominal amount of the debt instruments granting access to share capital that are likely to be issued may not exceed a total amount of one billion euros (€1,000,000,000). This amount would also constitute an overall nominal cap for securities issues made under **Resolutions 19 to 22**.

The issue price of the securities granting access to company's equity would be determined by the General Manager if and when it implements this delegation, complying with legal and regulatory provisions.

This delegation would be given to the Board of Directors for a period of 26 months with effect from the General Meeting of 3 April 2020 and would immediately terminate, for the unused portion, the delegation granted by the Combined General Meeting of 5 April 2019.

V – Delegation of authority to the General Manager to issue, through public offering, treasury share and/or securities granting access to company's equity, with waiver of shareholders' preferential right of subscription and a mandatory priority period for share issues (Resolution 19)

The General Manager may, in the interest of the company and its shareholders, in order to seize the opportunities offered by the financial markets, be required to issue such securities without preferential right of subscription.

You are also asked, through **Resolution 19**, to grant the General Manager, which may further delegate such authority, the power to issue by means of a public offering, without preferential right of subscription for shareholders, treasury share or debt securities providing access to existing or new treasury share, or shares in a subsidiary which is majority-held by the company, whether directly or indirectly, or a company which directly or indirectly holds more than 50% of the treasury share.

Your decision would imply a waiver of your preferential subscription right to the shares and other equity securities and securities that could be issued based on this delegation, in the understanding that this authorisation implies, in favour of the holders of such securities convertible to equity as may be issued under this delegation of authority automatic waiver by the shareholders of their preferential right of subscription to shares in connection with such securities.

We would like to point out that the General Manager would be obliged to grant shareholders a priority subscription period of at least three (3) trading days, solely for issues of shares through public offering conducted by the General Manager, in accordance with Articles L. 225-135(5), and R. 225-131 of the French Commercial Code; this priority period is an option for the issuance of all securities other than shares.

The nominal amount of the total debt securities issued may not exceed one billion euros (€1,000,000,000), the overall cap for all debt instruments set by **Resolution 18**.

The maximum nominal amount of the company's equity increases likely to be carried out by the company under this delegation may not exceed forty-eight million four hundred thousand euros (€48,400,000), representing approximately 10% of the share capital, and would be independent and separate from the capital increase caps resulting from the issuance of shares and/or transferable securities authorised by **Resolutions 16, 18 and 20 to 23.**

The issue price of the shares and/or securities convertible to equity would be determined by the General Manager if and when it implements this delegation, complying with legal and regulatory provisions.

This delegation would be given to the Board of Directors for a period of 26 months with effect from the General Meeting of 3 April 2020 and would immediately terminate, for the unused portion, the delegation granted by the Combined General Meeting of 5 April 2019.

VI – Authorisation to be given to the General Manager to increase the number of securities to be issued, in the event of a capital increase with or without a preferential right of subscription (Resolution 20).

By voting on **Resolution 20**, we propose that you authorise the General Manager to decide, as permitted by law, in the event that it records excess demand during a capital increase with or without preferential right of subscription, to increase the number of securities to be issued at the same price as that used for the initial issue, within the deadlines and limits provided for by the applicable regulations.

In the context of a securities issue, this option allows additional securities to be issued within 30 days of the subscription deadline, for up to 15% of the initial issue (this option being known as the "over-allotment option").

The nominal amount of securities issued under this resolution would be offset against the cap applicable to the initial issue.

This delegation would be granted to the General Manager for a period of twenty-six (26) months from the date of the General Meeting, and would immediately terminate, for the unused portion, the delegation granted by the Combined General Meeting of 5 April 2019.

VII – Delegation of authority to the General Manager to issue shares and/or transferable securities convertible to company's equity, in order to pay for the contributions in kind granted to the company consisting of capital shares or transferable securities convertible to equity, with waiver of shareholders' preferential right of subscription (Resolution 21)

In accordance with the option offered by Article L. 225-147(6) of the French Commercial Code, you are asked, under **Resolution 21**, to authorise the General Manager, which may further delegate such authority, to issue shares and/or transferable securities convertible to equity, in consideration for contributions in kind made to the company consisting of shares or transferable securities convertible to equity, when Article L. 225-148 of the French Commercial Code is not applicable.

The maximum nominal value of increases in the company's share capital made immediately or in the future under this delegation would be set at 10% of the share capital of the company (corresponding to its amount on the date of use of this delegation by the General Manager). This cap is set independently and separately from the caps for capital increases resulting from the issue of shares and/or securities authorised by **Resolutions 16**, **18 to 20, 22 and 23**.

The nominal amount of the total debt securities issued may not exceed one billion euros (€1,000,000,000), the overall cap for all debt instruments set by **Resolution 18**.

You will be requested to expressly waive your shareholder's preferential subscription right to new shares and/or to securities convertible to equity in favour of holders of shares or transferable securities forming the object of a contribution in kind, in the understanding this delegation of authority automatically entails that the shareholders waive, to the benefit of the holders of securities that may be issued and convertible to equity, their preferential subscription rights to the shares to which these securities give right.

The General Manager would notably be required to approve the report of the contribution auditor(s) to be appointed, set the exchange ratio and, if applicable the amount of the balance to be paid in cash, record the number of securities to be issued in remuneration for contributions, determine the dates and conditions of issues of shares and/or transferable securities giving immediate or future access to the company's capital, and value the contributions.

This authorisation would be given for a period of 26 months with effect from the General Meeting of 3 April 2020 and would immediately terminate, for the unused portion, the delegation granted by the Combined General Meeting of 5 April 2019.

VIII – Delegation of authority to be granted to the General Manager to issue shares and/or securities convertible to company's equity, in the event of a public exchange offer initiated by the company, with waiver of shareholders' preferential right of subscription (Resolution 22)

In **Resolution 22**, you are asked to approve the delegation of authority granted to the General Manager, which may further delegate such authority, to proceed to issue shares and/or securities convertible to company's equity, on one or more occasions, in the event of a public exchange offer initiated by the company.

You will therefore be expressly asked to waive your preferential subscription rights to the new shares and/or securities granting access to share capital that could be issued based on this delegation, in the understanding this authorisation implies, for the holders of such securities convertible to the company's share capital as may be issued under this delegation of authority automatic waiver by the shareholders of their preferential subscription right to shares in connection with such securities.

The maximum nominal amount of the capital increases likely to be carried out immediately and/or in the future under this delegation would be set at forty-eight million four hundred thousand euros (€48,400,000), representing approximately 10% of the share capital, and would be set independently and separately from the capital increase caps resulting from the issuance of shares and/or transferable securities authorised by **Resolutions 16, 18 to 21 and 23**.

The nominal amount of the total debt securities issued may not exceed one billion euros (€1,000,000,000), the overall cap for all debt instruments set by **Resolution 18**.

For each individual offer, the General Manager would have to determine the nature and characteristics of the shares to be issued. The amount of the increase in share capital would depend on the result of the offer and the number of securities tendered under the exchange offer, taking into account the exchange ratio and the shares issued.

This authorisation would be given for a period of 26 months with effect from the General Meeting of 3 April 2020 and would immediately terminate, for the unused portion, the delegation granted by the Combined General Meeting of 5 April 2019.

IX – Delegation of authority to the General Manager to carry out capital increases reserved for company employees who are members of a savings plan, with waiver of shareholders' preferential right of subscription (Resolution 23)

You will be asked, under **Resolution 23**, to authorise the General Manager, which may further delegate such authority, to decide to increase the share capital under the provisions of the French Commercial Code and French Labour Code relating to the issuance of shares and/or securities convertible to existing company shares or shares to be issued, for the benefit of employees covered by a company savings plan offered by the company, the Group and/or its affiliates within the meaning of Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labour Code.

This delegation of authority would be granted for a maximum nominal amount of the company's equity increase immediately or in the future, resulting from the issuance made pursuant to this delegation (including the capitalisation of reserves, earnings or premiums), of five hundred thousand euros (€500,000), representing approximately 0.10% of the share capital, set irrespective of the par value of the treasury share that may be issued as a result of adjustments made to protect the holders of transferable securities giving future access to shares.

This cap would be independent of any other authorisation granted by the General Meeting.

You will be requested to expressly waive your shareholder's preferential subscription right to new shares or to securities convertible to equity in favour of these employees.

The subscription price of the shares and the discount offered will be set by the General Manager in compliance with Article L. 3332-19 of the French Labour Code, on the understanding that the discount offered may not exceed 30% of the average share price for the twenty trading days preceding the date of the decision to open the subscription period, and 40% of this same average when the retention period provided for in the plan is greater than or equal to ten years, it being stated that the General Manager may also replace all or part of said discount by the allocation of shares or other securities.

The General Manager may likewise provide for the allocation of free shares or other securities granting access to share capital, it being understood that the total benefit resulting from this allocation as a company contribution or, where applicable, the discount on the subscription price, may not exceed the legal and regulatory limits and that the shareholders would waive all rights to shares or other securities granting access to share capital that may be issued by virtue of this resolution.

This delegation would be given to the Board of Directors for a period of 26 months with effect from the General Meeting of 3 April 2020 and would immediately terminate, for the unused portion, the delegation granted by the Combined General Meeting of 5 April 2019.

X – Powers for formal recording requirements (Resolution 24)

Resolution 24 is a standard resolution concerning the granting of the powers required to make announcements and perform legal formalities relating to holding the General Meeting.

We believe that these transactions, under these conditions, are a timely measure and we ask you to approve the resolutions to be presented to you.

General Manager

Hôtel Kimpton Fitzroy Londres
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Covivio Hotels is present in 12 countries in Europe, with a critical size in the main European markets.

2

Sustainable development

The Covivio Hotels' sustainable strategy is derived from the Covivio CSR policy. It cannot be separated from the company's economic model. Its implementation is guaranteed by the support of a dedicated team, the Covivio Sustainable Development Department, in coordination with the Covivio Hotels teams. At 31 December 2019, Covivio Hotels had 23 employees (14 women, nine men), of which 22 on permanent contracts.

Structured on the basis of the CSR risk mapping study carried out in 2018, Covivio's Statement of Non-Financial Performance (DPEF) is presented in Chapter 2 of its Universal Registration Document. It describes the risks and opportunities identified, the plan of action and results by business sector, and in particular all the components relevant to the Covivio Hotels CSR reporting. It collects information concerning the social and environmental goals and achievements of the company, as well as an analysis of the consequences of climate change on it and on the goods and services it produces. The mapping of the CSR risks identified nine major risks:

- asset obsolescence/green value/products anticipating societal changes;
- control of operating expenses (energy, waste, certification);
- safety/environmental security/compliance with regulations;
- integration into the sustainable town;
- responsible supply chain;
- quality of relations with external stakeholders (customers, suppliers, etc.);
- skills/attractiveness/diversity;
- fraud/corruption/ethics;
- protection of data/smart building.

This study also made it possible to highlight the risk management actions put in place by Covivio, and the relevant performance indicators defined with regard to these risks.

Covivio's CSR policy is adapted to the market regulations and particularities specific to each country where the Group is developing. It is shared by all its businesses in Europe and at all levels of the company. This CSR policy is described in plans of action, which are rounded out and adapted by regularly analysing the risks and opportunities presented by the environment in its field of activity.

The four aspects of its CSR strategy apply to all its businesses: sustainable buildings, society, social issues and governance:

SUSTAINABLE BUILDINGS

UPDATE THE PORTFOLIO TO INCLUDE CHANGES THAT AFFECT SUSTAINABLE BUILDINGS, BUILDING USE AND HEALTH

Promote responsible and energy, environmentally and socially efficient real estate that creates long-term value for the Company and the community.

SOCIETAL

BUILD A SMARTER, INCLUSIVE AND SUSTAINABLE CITY

Encourage eco-responsible practices and innovation in transport, biodiversity and waste, and take part in sharing knowledge alongside local stakeholders.

SOCIAL

DEVELOP, DIVERSIFY AND RETAIN HUMAN CAPITAL

Enhance employees' skills through innovative policies and encourage their mobility, diversity and ability to adapt to changes.

GOVERNANCE

GUARANTEE ETHICAL PRACTICES

Guarantee an ethical and transparent framework that ensures exemplary practices at all levels of the Company.

The Covivio DPEF presents detailed reporting on greenhouse gas emissions by business, including those of Covivio Hotels, thus complying with the provisions of Article 173 of the French Energy Transition Act for green growth and its implementation decree of 29 December 2015. This reporting explains how Covivio's low-carbon strategy and its objectives and initiatives align with the goal of limiting global warming to 2 °C as enshrined in the Paris Agreement of December 2015. It highlights in particular energy consumption and CO_2 emissions linked to the use of buildings, adapted to climate conditions.

Since 2017, this reporting has been aligned to the 17 Sustainable Development Goals (SDGs) defined by the United Nations. In compliance with the main international reference frameworks (GRI Standards, EPRA Sustainability Best Practices Recommendations, SASB), it also includes the recommendations issued by the group of climate experts constituting the Task Force on Climate-related Financial Disclosures (TCFD), based on taking into account the financial impacts inherent to the effects of climate change. In 2017/2018, the study conducted with the CSTB (Scientific and Technical Centre for the Construction Industry) enabled carbon goals in line with the 2 °C scenario to be determined. These goals were approved by the Science Based Targets initiative (SBT) in summer 2018 [1]. For all of its activities in Europe, Covivio has committed itself to a 34% reduction in greenhouse gas emissions per m^2 by 2030 compared with 2010.

In the face of these challenges, both climate and human, certifications and labels (HQE, BREEAM, Green Key, etc.) bear witness to the CSR performance of Covivio Hotels' buildings. At the end of 2019, the proportion of core hotels thus certified held by Covivio in Europe was 56.8%, with 66% as its goal by 2020 and 100% by the end of 2025. Covivio Hotels is changing the energy and environmental performance of its portfolio by means of such an approach, both comprehensive and addressing the building's entire life cycle.

1. https://www.covivio.eu/fr/communiques/les-objectifs-climat-de-covivio-salues-par-linitiative-science-based-targets-sbt/

More than ever, Covivio's development continues to rely on the closeness and trust maintained with a large number of stakeholders (customers, suppliers, non-profit organisations, employees, etc.), on new synergies within the group, and on innovation dynamics both internally ("1001 ideas", "Adopt1Startup" and other initiatives) and externally (Impulse Partner incubator, Covivio Proptech, new investment vehicle dedicated to start-ups in real estate, etc.).

At the end of 2019, Covivio confirmed its purpose: "To build well-being and sustainable relations". The result of a joint project led by the Board of Directors and internal teams, at European level, it is based on quantified objectives with fixed target dates. Covivio thus confirms its ambition to become even closer to its end users and to create living spaces in which they can work, travel and live.

Covivio's DEFP reflects a policy that covers the entire scope of sustainable development. It is verified by an independent third party (see Section 2.8 of the Covivio Universal Registration Document – www.covivio.eu).

The information in Section 2 of Covivio's 2019 Universal Registration Document is also contained in its Sustainable Development Annual Report. (www.covivio.eu/fr).

Hôtel Mercure Paris Boulogne
© Covivio / DR

75% of hotels are midscale or upscale.

3

Consolidated financial statements as at 31 December 2019

AFR

3.1 Consolidated financial statements as at 31 December 2019

3.1.1 Statement of financial position

Assets

(€K)	Note 3.2.5	31/12/2019	31/12/2018
Intangible assets	**1.2**		
Goodwill		142,355	109,938
Other intangible fixed assets		162	36,506
Tangible fixed assets	**1.2**		
Operating properties		1,022,570	1,011,948
Other tangible fixed assets		23,957	23,575
Advances on acquisitions of tangible fixed assets		3,066	4,710
Investment properties	1.3	4,931,824	4,648,110
Non-current financial Assets	2.2	93,050	39,222
Investments in equity affiliates	3.2	206,531	83,895
Deferred tax assets	4	3,496	7,761
Long-term derivative instruments	12.5	12,540	10,252
Total non-current assets		**6,439,551**	**5,975,919**
Assets held for sale	1.3	132,638	288,072
Loans & receivables with equity affiliates	5	2,918	2,215
Inventories and work-in-progress	6	2,261	2,236
Short-term derivative instruments	12.5	4,312	4,179
Trade receivables	7.2	21,780	36,547
Tax receivables	8	32,729	22,005
Other receivables	8	11,014	25,309
Prepaid expenses	9	1,457	1,816
Cash and cash equivalents (available and restricted)	10.2	164,728	381,401
Total current assets		**373,836**	**763,779**
TOTAL ASSETS		**6,813,387**	**6,739,698**

Liabilities

(€K)	Note 3.2.5	31/12/2019	31/12/2018
Capital		484,147	472,232
Share premium account		1,371,951	1,329,918
treasury shares		- 86	- 119
Consolidated reserves		1,069,696	1,042,789
Net income		352,262	194,002
Total shareholders' equity, Group share	**11**	**3,277,970**	**3,038,822**
Share Non-controlling interests		208,163	265,384
Total equity		**3,486,133**	**3,304,207**
Long-term borrowings	12.2	2,534,416	2,569,251
Long-term rental liabilities	12.6	227,802	163,281
Long-term derivative instruments	12.5	83,147	24,595
Deferred tax payables	4	273,543	248,621
Staff termination benefits	13.2	1,329	1,381
Other long-term liabilities	14	4,336	8,207
Total non-current liabilities		**3,124,574**	**3,015,336**
Trade payables	14	36,088	45,593
Trade payables on fixed assets	14	11,649	23,591
Short-term borrowings	12.2	49,059	256,074
Short-term rental liabilities	12.6	2,652	376
Short-term derivative instruments	12.5	22,728	20,585
Advances and pre-payments received	14	11,689	7,295
Short-term provisions	13.2	8,197	8,521
Current taxes	14	16,508	11,976
Other short-term liabilities	14	21,133	25,375
Pre-booked income	16	22,979	20,771
Total current liabilities		**202,681**	**420,155**
TOTAL LIABILITIES		**6,813,387**	**6,739,698**

3

3.1.2 Statement of net income

(€K)	Note 3.2	31/12/2019	31/12/2018	%
Rental income	6.2.1	245,418	229,921	
Unrecovered rental costs	6.2.2	- 2,421	- 2,429	
Expenses on properties	6.2.2	- 2,708	- 2,580	
Net losses on unrecoverable receivables	6.2.2	30	- 42	
Net Rental Income		**240,320**	**224,870**	**6.9%**
Managed hotel income		232,313	253,503	
Operating expenses of hotels under management		- 162,435	- 179,035	
Managed hotel EBITDA	**6.2.3**	**69,878**	**74,468**	**- 6.2%**
Management and administration income		2,983	2,196	
Business expenses		- 1,420	- 1,539	
Overheads		- 22,472	- 20,381	
Development expenses		- 624	- 92	
Net cost of operations	**6.2.4**	**- 21,534**	**- 19,816**	**8.7%**
Depreciation of operating assets	6.2.5	- 42,285	- 44,336	
Net change in provisions and other	6.2.5	10,635	6,067	
OPERATING INCOME		**257,014**	**241,253**	**6.5%**
Proceeds of asset disposals		453,601	286,135	
Carrying value of investment properties sold		- 426,575	- 284,729	
Income from asset disposals	**6.3**	**27,026**	**1,406**	
Income from value adjustments	**6.4**	**244,988**	**99,868**	
Income from disposal of securities	**6.3**	**4,101**	**119,705**	
Income from changes in scope [1]		**- 14,955**	**- 149,187**	
OPERATING INCOME (LOSS)		**518,174**	**313,044**	
Cost of net financial debt	6.5	- 63,607	- 55,295 [2]	15.0%
Interest charges on rental liabilities	6.6	- 12,886	- 4,594	
Value adjustment on derivatives	6.6	- 51,412	- 12,780	
Discounting of liabilities and receivables	6.6	34	- 502	
Exceptional de of loan issue costs	6.6	- 3,612	- 4,707 [2]	
Share in income of equity affiliates	5.3.2	20,359	8,668	
NET INCOME BEFORE TAX		**407,049**	**243,835**	
Deferred tax liabilities	6.7.2	- 2,219	- 7,231	
Corporate income tax	6.7.2	- 12,808	- 9,424	
NET INCOME FOR THE PERIOD		**392,022**	**227,180**	
Net income from non-controlling interests		- 39,760	- 33,178	
NET INCOME FOR THE PERIOD – GROUP SHARE		**352,262**	**194,002**	
Net income Group share (€)	**7.2**	**2.93**	**1.74**	
Group diluted net income per share (€)	**7.2**	**2.93**	**1.74**	

(1) “Income from changes in scope” for -€15 million includes acquisition expenses relating to securities acquired that cannot be capitalised under IFRS During the fiscal year and expenses already incurred on the Roco transaction (asset portfolio in Italy, Nice and Eastern Europe).

(2) The cost of net financial debt now includes the regular amortisation of loan issue costs. €5.2 million was reclassified under “Exceptional depreciation of loan issue costs” for the 2018 fiscal year, so that only exceptional depreciation appears on this line.

3.1.3 Statement of comprehensive income

(€K)	31/12/2019	31/12/2018
NET INCOME FOR THE PERIOD	**392,022**	**227,180**
Currency transaction gains and losses	8,289	- 3,026
Other items of comprehensive income	**8,289**	**- 3,026**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**400,311**	**224,154**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE		
To the owners of the parent company	360,551	190,976
To minority interests	39,760	33,178
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**400,311**	**224,154**
Total comprehensive income per share (Group share)	**3.00**	**1.72**
Total comprehensive diluted income per share (Group share)	**3.00**	**1.72**

The €8.3 million change in currency transaction gains and losses over the fiscal year recorded directly under net position breaks down as follows:

- the rise in sterling affected companies owned in the United Kingdom by €26.9 million (the closing rate was €1.169913 compared to the opening rate of €1.112582)
- under IAS 21 and IFRS 9 on net investments in a foreign operation, this currency transaction gain was offset by:
  - exchange differences linked to long-term borrowings and loans by Covivio Hotels denominated in GBP (-€5 million),
  - the change in fair value of the cross currency swap as a result of the currency movement (-€13.6 million).

3.1.4 Statement of changes in shareholders' equity

(€K)	Capital	Share premium account	treasury shares	Non distributed reserves and income (loss)	Total shareholders' equity, Group share	Minority interest	Total equity
Position at 31/12/2017	**351,264**	**705,403**	**- 70**	**1,127,474**	**2,184,071**	**221,087**	**2,405,158**
Dividends distribution				- 164,687	- 164,687	- 14,105	- 178,792
Capital increase	47,224	251,022			298,246		298,246
Other			- 49	49	0		0
Total comprehensive income (loss) for the period				**190,976**	**190,976**	**33,178**	**224,154**
Of which currency translation gains				*- 3,026*	*- 3,026*		*- 3,026*
Of which net income (loss)				*194,002*	*194,002*	*33,178*	*227,180*
Change in scope and interest rates	73,744	373,493		82,979	530,216	25,224	555,440
Position at 31/12/2018	**472,232**	**1,329,918**	**- 119**	**1,236,791**	**3,038,822**	**265,384**	**3,304,206**
Dividends distribution				- 182,985	- 182,985	- 57,430	- 240,415
Capital increase*	11,915	42,033		1,192	55,140	- 4,190	50,950
Other			33	- 33	0		
Change in scope and interest rates				6,442	6,442	- 35,361	- 28,919
Total comprehensive income (loss) for the period				**360,551**	**360,551**	**39,760**	**400,311**
Of which currency translation gains				*8,289*	*8,289*		*8,289*
Of which net income (loss)				*352,262*	*352,262*	*39,760*	*392,022*
POSITION AT 31/12/2019	**484,147**	**1,371,951**	**- 86**	**1,421,958**	**3,277,970**	**208,163**	**3,486,133**

The Combined General Meeting of 5 April 2019 approved the payment of an ordinary dividend of €183 million, i.e. a dividend of €1.55 per share.

* On 27 March 2019, the Management Board approved the contribution in kind of all Caisse des Dépôts' shares in Foncière Développement Tourisme. The Management Board recorded the subscription of 613,244 new shares to remunerate contributions.

The Combined General Meeting of 5 April 2019 approved the contribution in kind by Covivio to all of the company shares of SCI Ruhl-Côte d'Azur and of a receivable of €10.5 million also owned by Covivio. The Management Board recorded the subscription of 2,365,503 new shares to remunerate contributions.

Share capital stood at €484.1 million as at 31 December 2019. Reserves correspond to parent company retained earnings and reserves, together with reserves from consolidation.

At 31 December 2019, the share capital consisted of 121,036,633 fully paid-up shares with a par value of €4.00.

Change in the number of shares during the period

Transaction	Shares issued	Treasury shares	Shares outstanding
Number of shares at 31/12/2018	**118,057,886**	**4,840**	**118,053,046**
Capital increase	2,978,747		
Own shares – liquidity agreement		- 1,791	
Number of shares at 31/12/2019	**121,036,633**	**3,049**	**121,033,584**

3.1.5 Statement of cash flows

(€K)	Note	31/12/2019	31/12/2018
Consolidated net income (including minority interests)		**392,022**	**227,180**
Net depreciation and provisions (excluding those linked to current assets)		42,095 [(1)]	175,671
Unrealised gains and losses relating to changes in fair value	3.2.5.12.5 & 3.2.6.4	- 193,575	- 87,083
Income and expenses calculated on stock options and related share-based payments		248	45
Other calculated income and expenses	3.2.6.6	1,701	7,012
Gains or losses on disposals		- 31,127	- 129,790
Share of income from companies accounted for under the equity method	5.3.2	- 20,359	- 8,668
Cash flow after tax and cost of net financial debt		**191,005**	**184,366**
Cost of net financial debt and interest charges on rental liabilities	3.2.6.5 & 3.2.5.12.6	71,664	50,093
Income tax expense (including deferred taxes)	3.2.6.7.2	15,027	16,655
Cash flow before tax and cost of net financial debt		**277,696**	**251,115**
Taxes paid		- 10,571	- 5,822
Change in working capital requirements on continuing operations (including employee benefits liabilities)	3.2.5.7.2	8,875	12,064
Net cash generated by the business		**276,000**	**257,356**
Impact of changes in the scope		- 215,538 [(2)]	- 346,885
Disbursements related to acquisition of tangible and intangible fixed assets	3.2.5.1.2	- 88,316	- 179,435
Proceeds from the disposal of tangible and intangible fixed assets	3.2.5.1.2	453,568	286,143
Dividends received (companies accounted for under the equity method, non-consolidated securities)		3,837	3,874
Change in loans and advances granted	3.2.5.2.2	- 54,306	93,178
Other cash flow from investment activities		0	575
Net cash flow from investment activities		**99,246**	**- 142,550**
Amounts received from shareholders in connection with capital increases:			
Paid by parent company shareholders	3.1.4	- 148	298,246
Paid by non-controlling interests of consolidated companies		- 4,194	0
Purchases and sales of treasury shares		54	- 48
Dividends paid during the reporting period:			
Dividends paid to parent company shareholders	3.1.4	- 182,985	- 164,687
Dividends paid to non-controlling interests of consolidated companies	3.1.4	- 57,430	- 14,106
Proceeds related to new borrowings	3.2.5.12.2	401,729	873,567
Repayments of borrowings (including finance lease agreements)	3.2.5.12.2	- 682,134	- 681,051
Net interest paid (including finance lease agreements)		- 78,245	- 48,472
Other cash flow from financing activities	3.2.5.12.5	- 6,700	- 12,395
Impact of changes in the exchange rate		535	- 64
Net cash flow from financing activities		**- 609,518**	**250,990**
CHANGE IN NET CASH		**- 234,271**	**365,732**
Opening cash position		380,208	14,411
Closing cash position		145,936	380,208
CHANGE IN CASH AND CASH EQUIVALENTS		**- 234,271**	**365,797**

		31/12/2019	31/12/2018
Gross cash (a)	3.2.5.10.2	164,728	381,401
Debit balances and bank overdrafts from continuing operations (b)	3.2.5.12.2	- 18,792	- 1,193
Net cash and cash equivalents (c) = (a) - (b)		**145,936**	**380,208**
Gross debt (d)	3.2.5.12.2	2,586,267	2,852,909
Amortisation of financing costs (e)	3.2.5.12.2	- 21,585	- 28,777
NET DEBT (D) - (C) + (E)		**2,418,747**	**2,443,925**

(1) Depreciation of operating assets in the operating properties business.

(2) The -€216 million impact of scope changes linked to investment operations, (§ 39 of IAS 7) corresponds to the disbursements linked to the acquisition of the Phoenix companies, two companies in the United Kingdom, one company in the Netherlands, one company in Ireland and the deposit for the Roco project (-€265 million) and proceeds from disposals of companies in the Hotel operating properties sector (+€49 million).

3.2 Notes to the consolidated financial statements

3.2.1 General principles

3.2.1.1 Accounting standards

The consolidated financial statements of the Covivio Hotels group at 31 December 2019 were prepared in accordance with the international accounting standards and interpretations issued by the International Accounting Standards Board (IASB) and adopted by the European Union as of the preparation date. These standards include the IFRS (International Financial Reporting Standards) and their interpretations.

The financial statements were approved by the Management Board on 11 February 2020.

Accounting principles and methods used

The accounting principles applied to the consolidated financial statements as at 31 December 2019 are identical to those used for the consolidated financial statements as at 31 December 2018, with the exception of new standards and amendments whose application is mandatory as from 1 January 2019 and which were not applied early by the Group.

The new standards subject to mandatory application on or after 1 January 2019 include:

- IFRS 16 "Leases", adopted by the European Union on 31 October 2017. This standard supersedes IAS 17 as well as the corresponding interpretations (IFRIC 4, SIC 15 and SIC 27). It sets out the principles applicable to the accounting, measurement and presentation of leases.

The information required as part of the transition to and first-time application of IFRS 16 are presented in § 3.2.1.2.

The following interpretations and amendments, which are mandatory as of 1 January 2019, did not have any impact on the Group's consolidated financial statements:

- amendment to IFRS 9 "Prepayment Features with Negative Compensation", adopted by the European Union on 22 March 2018; this amendment deals with instruments containing a prepayment clause when the exercise of this clause leads to a repayment of less than the amount of the principal and interest on the principal amount outstanding (negative compensation);
- IFRIC 23 "Uncertainty over Income Tax Treatments", adopted by the European Union on 23 October 2018; this interpretation clarifies the application of provisions of IAS 12 "Income Taxes" to the recognition and measurement where there is uncertainty on the income tax treatment;
- amendments to IAS 28 "Investments in Associates and Joint Ventures", adopted by the European Union on 8 February 2019;
- annual improvements to IFRS (2015–2017 cycle), adopted by the European Union on 14 March 2019. These improvements amend IFRS 3 "Business Combinations", IFRS 11 "Partnerships", IAS 23 "Borrowing Costs" and IAS 12 "Income Taxes";
- amendments to IAS 19 "Plan Amendment, Curtailment or Settlement", adopted by the European Union on 13 March 2019. These limited amendments apply to changes, curtailment or settlement of defined-benefit plans.

The new amendments and stan dards adopted by the European Union whose application was not mandatory on 1 January 2019 and which are not being applied early by the Covivio Hotels group are the following:

- amendments to IAS 1 and IAS 8 "Definition of materiality", adopted by the European Union on 29 November 2019. The date of entry into force is 1 January 2020 according to the IASB.

New standards awaiting adoption by the European Union, whose application is possible as of 1 January 2019:

- Amendment to IFRS 3 "Definition of a business", published on 22 October 2018; The date of entry into force is 1 January 2020 according to the IASB;
- amendments to IFRS 9, IAS 39 and IFRS 7 "Interest rate benchmark reform", published on 26 September 2019; The date of entry into force is 1 January 2020 according to the IASB;
- amendments to IFRS 10 and IAS 28 "Sales or contributions of assets made between the Group and equity affiliates", published on 11 September 2014.

IFRS standards and amendments published by the IASB but not authorised for fiscal years beginning on or after 1 January 2019:

- amendments to references to the IFRS conceptual framework, published on 29 March 2018; Adoption by the European Union took place on 29 November 2019. The date of entry into force is 1 January 2020 according to the IASB;
- IFRS 17 "Insurance Contracts", published on 18 May 2017; According to the IASB, the amendments should come into force on 1 January 2021. IFRS 17 lays out the principles as to the recognition, valuation, presentation and disclosures concerning insurance contracts within the scope of application of the standard. This standard has no impact on the financial statements.

3.2.1.2 First-time application of IFRS 16

The Covivio Hotels Group has chosen to apply IFRS 16 using the simplified retrospective method: comparative information is not restated and the cumulative impact of the first-time application of the standard is presented as an adjustment to shareholders' equity at 1 January 2019. In this case, no adjustments have been recorded in shareholders' equity at the date of first-time application.

Pursuant to § 5 of the standard, the Covivio Hotels Group has chosen not to restate leases with a residual term at the date of first-time application exceeding 12 months and leases where the underlying asset has a low value.

The discount rate used to calculate the lease liability is the marginal interest rate on debt at the date of first-time application or at the lease commencement date. This rate is defined as the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the leased asset in a similar economic environment.

For leases with a residual term of more than 15 years (construction leases and long-term leases conferring ad rem rights), the rates used are obtained by adding a risk-free rate applicable to the currency and the term, a credit spread, a EUR/GBP rate for assets located in the United Kingdom and a surcharge applicable to real estate assets.

For leases with a residual term of less than 15 years on the date of first-time application, the discount rate used corresponds to the average debt interest rate of the business sector concerned at 31 December 2018, i.e. 2.08% for the Hotels sector in Europe. The impact on the consolidated financial statements for this type of lease was not material as at 31 December 2019.

The weighted average marginal interest rate used for lease liabilities at 1 January 2019 was 5.34%.

The Group has used the following presentation in the statement of financial position:

- right-of-use assets meeting the definition of investment properties under IAS 40, for which the Group applies the fair value model, are included under Investment properties;
- right-of-use assets that do not meet the definition of investment properties under IAS 40 are included under the items where the corresponding underlying assets are presented if they belonged thereto, namely the items Operating properties and Other tangible fixed assets;
- rental liabilities are presented separately from other liabilities under Long-term rental liabilities and Short-term rental liabilities.

The Group's leases are mainly leases for business premises, company vehicles, parking spaces, construction leases and long-term leases conferring ad rem rights.

Note that IAS 40 "Investment properties" already incorporated a restatement similar to IFRS 16 for construction leases described as finance leases. Accordingly, long-term leases conferring ad rem rights relating to acquisitions in the United Kingdom during the fiscal year had already been restated in the financial statements at 31 December 2018. The first-time application of IFRS 16 is consequently limited to leases other than long-term leases conferring ad rem rights.

The reconciliation between IAS 17 rental commitments at 31 December 2018 and the lease liability reported at 1 January 2019 is presented in the table below (in €K):

Simple operating lease commitments as tenant at 31/12/2018	**69,700**
Leases not reported pursuant to exemptions	- 463
Leases not identified at 31/12/2018	48,617
Rental commitments not discounted pursuant to IFRS 16 at 1st January 2019	**117,854**
Impact of discounting	- 76,785
Rental liabilities discounted pursuant to IFRS 16 at 1st January 2019	**41,069**
Rental liabilities recognised pursuant to IAS 40 at 31/12/2018	**163,657**
IFRS 16 RENTAL LIABILITIES AT 1st JANUARY 2019	204,726

The impact of the first-time application of IFRS 16 on statement of financial position items at 31 December 2019 is presented in the following table:

(€K) Consolidated data	Opening (IAS 40)	Impact 1st application IFRS 16 Hotels	Operating properties	Total 01/01/2019	31/12/2019
Investment properties – Rights-of-use – leases at FV	163,657	12,035		12,035	202,678
Operating properties – Rights-of-use – leases not at FV		46	27,539	27,585	26,495
Operating properties – Rights net of other fixed assets			1,449	1,449	1,018
TOTAL ASSETS	**163,657**	**12,081**	**28,988**	**41,069**	**230,191**
Rental liability on leases at FV	163,657	12,035		12,035	202,687
Rental liability on other rights		46	28,988	29,034	27,930
TOTAL LIABILITIES	**163,657**	**12,081**	**28,988**	**41,069**	**230,191**

The impact of the first-time application of IFRS 16 on Statement of net income items at 31 December 2019 is presented in the following table:

(€K) Consolidated data	P&L
Cancellation of fees from hotels under management	2,551
Cancellation of fees from hotel lease properties	8,924
Depreciation, amortisation of rights and equipment	- 1,575
Changes in FV of investment property rights	3,149
Interest charges on rental liabilities	- 12,654
TOTAL NET INCOME	**395**

3.2.1.3 Estimates and judgements

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

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

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

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

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

3.2.1.4 Operating segments (IFRS 8)

The operating segments of the Covivio Hotels Group are detailed in paragraph 3.2.8.1.

3.2.1.5 IFRS 7 – Reference table

Market risk	§ 3.2.2.6
Liquidity risk	§ 3.2.2.2
Financial expense sensitivity	§ 3.2.2.3
Sensitivity of the fair value of investment properties	§ 3.2.5.1.3
Counterparty risk	§ 3.2.2.4
Covenants	§ 3.2.5.12.7
Exchange rate risk	§ 3.2.2.7

3.2.2 Financial risk management

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

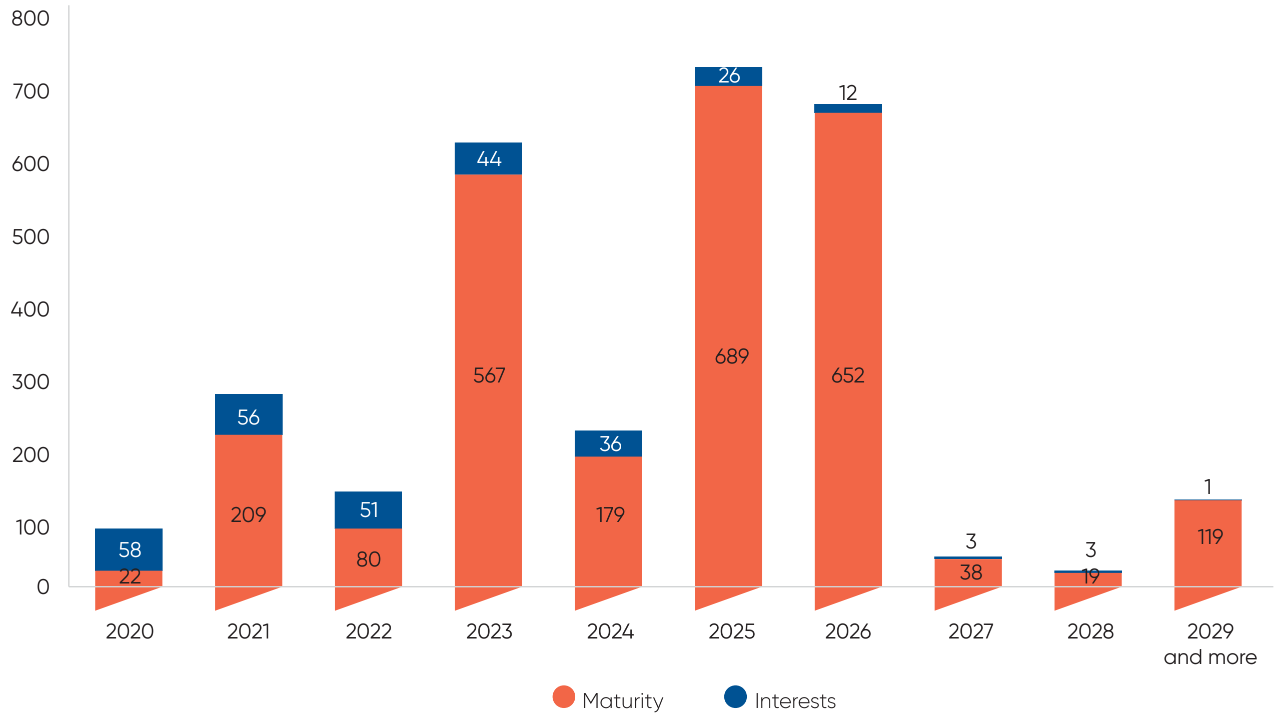
3.2.2.1 Marketing risk for properties under development

The Group is involved in property development. As such, it is exposed to a number of different risks, particularly risks associated with construction costs, completion delays and the marketing of properties. These risks can be assessed in light of the schedule of assets under development (see § 3.2.5.1.4).

3.2.2.2 Liquidity risk

Liquidity risk is managed in the medium and long term with multi-year cash management plans and, in the short term, by using confirmed and undrawn lines of credit. At 31 December 2019, Covivio Hotels' available cash and cash equivalents amounted to €239 million, including €70 million in usable unconditional credit lines, €165 million in short-term investments and cash equivalents and €4 million in granted unused overdraft facilities.

The graph below summarises the maturities of the borrowings (in €M), including interest expenses (in pink) as at 31 December 2019.



The Covivio Hotels Group debt totalled €2,573.9 million as at 31 December 2019 (see 3.2.5.12).

The interest payable up to the extinguishing of all the debt, estimated based on the outstanding amount as at 31 December 2019 and the average interest rate on the debt, totalled €290 million.

Covivio Hotels raised, secured or renegotiated €578 million in long-term mortgage liabilities (9 years on average) backed by hotels in Spain, Germany and France, while repaying €400 million of medium-term mortgage financing.

Details of the debt maturities are provided in note 3.2.5.12.3, and a description of the banking covenants and accelerated payment clauses included in the loan agreements is presented in note 3.2.5.12.7.

3.2.2.3 Interest rate risk

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

To the extent possible, bank debt is almost systematically hedged via financial instruments (see 3.2.5.12.5). As at 31 December 2019, after taking interest rate swaps into account, an average of 81.6% of the Group's debt was actively hedged, and the bulk of the remainder was covered by interest rate caps, which resulted in the following sensitivity to changes in interest rates:

- the impact of a 100 bps rate increase as at 31 December 2019 is a decrease of €5,498 thousand on 2019 net income, Group share;
- the impact of a 50 bps rate increase as at 31 December 2019 is a decrease of €2,836 thousand on 2019 net income, Group share;
- the impact of a 50 bps rate decrease as at 31 December 2019 is a rise of €3,630 thousand on 2019 net income, Group share.

3.2.2.4 Financial counterparty risk

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

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

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

Counterparty risk is included in the measurement of cash instruments. At 31 December 2019, the amount is -€1.4 million.

3.2.2.5 Lease counterparty risk

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

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

The Group has not recorded any significant overdue payments.

3.2.2.6 Risks related to changes in the value of the portfolio

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

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

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

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

- interest rates;
- the liquidity on the market and the availability of other profitable alternative investments;
- economic growth.

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

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

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

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

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

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

Rental income is indexed to rent indexation indices and to changes in Accor revenues for the hotel real estate in question. Were the real estate investment market to deteriorate, the Covivio Hotels Group might suffer impairment losses, the extent of which would be limited by the protection offered by the agreements in place with its tenants.

The sensitivity of the fair value of investment properties to changes in rental values and/or capitalisation rates is analysed in section 3.2.5.1.3.

3.2.2.7 Exchange rate risk

The Group operates both in and outside the Euro zone following the acquisition of hotel real estate assets in the United Kingdom and Poland. The Group sought to hedge against currency fluctuations by financing part of the acquisition in the United Kingdom through a foreign currency loan and *a* currency swap.

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

	31/12/2019 (in £M)	5% decrease in the GDP/EUR exchange rate (€M)	10% decrease in the GDP/EUR exchange rate (€M)
Portfolio	825	- 45.7	- 91.7
Debt	400	22.3	44.5
Cross currency swap	250	13.9	27.8
IMPACT ON SHAREHOLDERS' EQUITY		**- 9.6**	**- 19.3**

(-) is a loss; (+) is a gain.

3.2.2.8 Brexit risk

Notwithstanding the impact on real estate valuations relating to economic uncertainties, in the United Kingdom the Group is benefiting from the minimum guaranteed rental income over its whole portfolio limiting the impact of this risk on its financial position and profitability.

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

The Group is exposed to risks for two classes of shares (see § 3.3.5.3.2):

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

The Covivio Hotels Group issued a bond in November 2012 (renegotiated in late 2014), a private placement in May 2015 and an inaugural bond in September 2018, the terms of which are presented in § 3.2.5.12.4.

3.2.2.10 Tax environment

3.2.2.10.1 Tax risks

Due to the complexity and formalism that characterise the tax environment in which Covivio Hotels Group conducts its activities, the Group is exposed to tax risks.

Covivio Hotels' tax audit

Covivio Hotels' financial statements were audited for the 2010/2011 and 2012/2013/2014 fiscal years, which resulted in a reassessment proposal for the CVAE in the amount of €2.4 million and €2.2 million respectively. These reassessments were partially withdrawn by the tax administration in the first quarter of 2018 and refunds of €1.2 million and €1.1 million were obtained. The remaining balance of the reassessment of €1.1 million is being contested before the Administrative Court following the court's two rulings against the Company. Based on the analysis by the company's legal counsel, these disputes were not provisioned as at 31 December 2019

The financial statements of Covivio Hotels were also audited for the 2015 fiscal year which resulted in a reassessment proposal for corporate value-added tax (CVAE), on the same grounds as the previous reassessment proposals for €0.2 million. An appeal has been lodged against this reassessment, and based on the analysis by the company's legal counsel, this dispute was not provisioned as at 31 December 2019.

Foncière Otello tax audit (subsidiary of Covivio Hotels)

Foncière Otello's accounts were audited for the 2011, 2012 and 2013 fiscal years, which resulted in a reassessment proposal for the CVAE in the amount of €0.5 million. This proposal is being contested before the Administrative Court following this court's ruling against the Company. Based on the analysis by legal counsel, no provision has been recorded for this dispute as at 31 December 2019.

Foncière Otello's accounts were also audited for the 2014, 2015 and 2016 fiscal years, which resulted in a reassessment proposal for corporate value added tax (CVAE) in the amount of €0.2 million, on the same grounds as the previous reassessment proposal. This proposal is being challenged in its entirety, and, based on the analysis by the Company's legal counsel; it has not been provisioned as at 31 December 2019.

Tax audit of hotels – Germany

A company holding assets in Germany was subject to a tax audit in respect of fiscal years 2015–2017 which was still ongoing at 31 December 2019.

Tax audits of Operating properties

Nice-M underwent a tax audit on fiscal years 2015 and 2016, which led to a VAT correction for a principal amount of €31,000, part of which has been disputed. There was no provision for this VAT correction at 31 December 2019.

Two German companies (Rock portfolio) underwent a corporation tax and VAT audit for fiscal years 2012–2015.

Another VAT audit for 2018 began in early 2019. It is still ongoing.

3.2.2.10.2 Deferred tax liabilities

Most of the Group's real estate companies have opted for the SIIC regime in France, and the SOCIMI regime in Spain. The impact of deferred tax liabilities therefore mainly relates to investments to which the SIIC regime does not apply (Germany, Belgium, Spain, Ireland, Netherlands, Poland, Portugal, United Kingdom). In the case of Spain, all Spanish companies have opted for the SOCIMI regime exemption. However, there are deferred tax liabilities related to assets held by the companies prior to opting for SOCIMI treatment.

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

3.2.3 Scope of consolidation

3.2.3.1 Accounting principles applicable to the scope of consolidation

Consolidated subsidiaries and structured entities – IFRS 10

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

The Covivio Hotels Group has control when it:

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

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

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

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

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

Subsidiaries and structured entities are fully consolidated.

Equity affiliates – IAS 28

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

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

Partnerships (joint control) – IFRS 11

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

Joint ventures

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

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

Joint operations

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

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

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

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

No Group company is considered to constitute a joint operation.

3.2.3.2 Additions to the scope of consolidation

Additions to the scope of consolidation are presented at the beginning of the table listing companies within the group scope.

3.2.3.3 Internal restructuring/Disposals

Deconsolidated companies are shown at the end of the table.

3.2.3.4 Change in holding and/or in consolidation method

The Covivio Hotels Group purchased all securities in "Foncière Développement Tourisme" held by Caisse des Dépôts. As a result, its investment in SAS Samoëns rose from 25.1% to 50.1%.

3.2.3.5 List of consolidated companies

162 companies	Country	Business sector	Consolidation method in 2019	Percentage held in 2019	Percentage held in 2018
SCA Covivio Hotels	**France**	**Multi-business**	**Parent company**	**-**	**-**
Honeypool (Hilton Dublin holding company)	Ireland	Operating properties	FC	100	-
Thommont Ltd (Propco Hilton dublin)	Ireland	Operating properties	FC	100	-
Kilmainham Property Holdings (Hilton Dublin)	Ireland	Operating properties	FC	100	-
Sardobal Investment (B&B Poland)	Poland	Hotels	FC	100	-
Redewen Investment (B&B Poland)	Poland	Hotels	FC	100	-
Noxwood Investment (B&B Poland)	Poland	Hotels	FC	100	-
Cerstook Investment (B&B Poland)	Poland	Hotels	FC	100	-
Forsmint Investment (B&B Poland)	Poland	Hotels	FC	100	-
Jouron (Phoenix Belgium)	Belgium	Hotels	EM/EA	33.33	-
Foncière Bruxelles Sainte Catherine (Phoenix)	Belgium	Hotels	EM/EA	33.33	-
Foncière Gand Cathedrale (Phoenix)	Belgium	Hotels	EM/EA	33.33	-
Foncière IGK (Phoenix)	Belgium	Hotels	EM/EA	33.33	-
Kombon SAS (Phoenix)	France	Hotels	EM/EA	33.33	-
OPCI Otelli (Phoenix)	France	Hotels	EM/EA	31.15	-
CBI Orient (Phoenix)	France	Hotels	EM/EA	31.15	-
CBI Express (Phoenix)	France	Hotels	EM/EA	31.15	-
Ruhl Côte d'Azur	France	Operating properties	FC	100	-
Dresden Dev SARL	Germany	Operating properties	FC	94.9	-
Delta Hotel Amersfoort BV	Netherlands	Hotels	FC	100	-
Oxford Spires Hotel Ltd (Rocky transaction)	United Kingdom	Hotels	FC	100	-
Oxford Thames Hotel Ltd (Rocky Transaction)	United Kingdom	Hotels	FC	100	-
SAS Samoëns	France	Hotels	FC	50.1	25.1
Blythswood Square Hotel Glasgow Holdco Ltd (Rocky transaction)	United Kingdom	Hotels	FC	100	100
George Hotel Investments Holdco Ltd (Rocky transaction)	United Kingdom	Hotels	FC	100	100
Grand Central Hotel Company Holdco Ltd (Rocky operation)	United Kingdom	Hotels	FC	100	100
Lagonda Leeds Holdco Ltd (Rocky operation)	United Kingdom	Hotels	FC	100	100
Lagonda Palace Holdco Ltd (Rocky operation)	United Kingdom	Hotels	FC	100	100
Lagonda Russell Holdco Ltd (Rocky operation)	United Kingdom	Hotels	FC	100	100
Lagonda York Holdco Ltd (Rocky operation)	United Kingdom	Hotels	FC	100	100
Oxford Spires Hotel Holdco Ltd (Rocky transaction)	United Kingdom	Hotels	FC	100	100
Oxford Thames Holdco Ltd (Rocky operation)	United Kingdom	Hotels	FC	100	100
Roxburghe Investments Holdco Ltd (Rocky operation)	United Kingdom	Hotels	FC	100	100
The St David's Hotel Cardiff Holdco Ltd (Rocky operation)	United Kingdom	Hotels	FC	100	100
Wotton House Properties Holdco Ltd (Rocky operation)	United Kingdom	Hotels	FC	100	100
Blythswood Square Hotel Glasgow Ltd (Rocky transaction)	United Kingdom	Hotels	FC	100	100
George Hotel Investments Ltd (Rocky – Propco operation)	United Kingdom	Hotels	FC	100	100
Grand Central Hotel Company Ltd (Rocky – Propco transaction)	United Kingdom	Hotels	FC	100	100
Grand Principal Birmingham Ltd (Rocky – Holdco operation)	United Kingdom	Hotels	FC	100	100
Lagonda Leeds PropCo Ltd (Rocky – Propco transaction)	United Kingdom	Hotels	FC	100	100
Lagonda Palace PropCo Ltd (Rocky – Propco transaction)	United Kingdom	Hotels	FC	100	100

162 companies	Country	Business sector	Consolidation method in 2019	Percentage held in 2019	Percentage held in 2018
Lagonda Russell PropCo Ltd (Rocky – Propco transaction)	United Kingdom	Hotels	FC	100	100
Lagonda York PropCo Ltd (Rocky – Propco transaction)	United Kingdom	Hotels	FC	100	100
Roxburghe Investments Propco Ltd (Rocky – Propco transaction)	United Kingdom	Hotels	FC	100	100
The St David's Hotel Cardiff Ltd (Rocky – Propco transaction)	United Kingdom	Hotels	FC	100	100
Wotton House Properties Ltd (Rocky – Propco transaction)	United Kingdom	Hotels	FC	100	100
Roxburghe Investments Lux SARL (Rocky operation)	Luxembourg	Hotels	FC	100	100
HEM Diestelkade Amsterdam BV (LHI 2 transaction)	Netherlands	Hotels	FC	100	100
Rock Lux opco	Luxembourg	Operating properties	FC	100	100
Constance	France	Operating properties	FC	100	100
Constance Lux 1	Luxembourg	Operating properties	FC	100	100
Constance Lux 2	Luxembourg	Operating properties	FC	100	100
So Hospitality	Luxembourg	Operating properties	FC	100	100
Nice-M	France	Operating properties	FC	100	100
Hermitage Holdco	France	Operating properties	FC	100	100
Rock-Lux	Luxembourg	Operating properties	FC	100	100
SLIH – Société Lilloise Investissement Immobilier Hôtelier SA	France	Operating properties	FC	100	100
Alliance et Compagnie SAS	France	Operating properties	FC	100	100
Airport Garden Hotel NV	Belgium	Operating properties	FC	100	100
Berlin I (propco Westin Grand Berlin) – Rock	Germany	Operating properties	FC	94.9	94.9
Opco Grand Hôtel Berlin Betriebs (Westin Berlin) – Rock	Germany	Operating properties	FC	94.9	94.9
Berlin II (Propco Park Inn Alexanderplatz) – Rock	Germany	Operating properties	FC	94.9	94.9
Opco Hotel Stadt Berlin Betriebs (Park-Inn) – Rock	Germany	Operating properties	FC	94.9	94.9
Berlin III (Propco Mercure Potsdam) – Rock	Germany	Operating properties	FC	94.9	94.9
Opco Hotel Potsdam Betriebs (Mercure Potsdam) – Rock	Germany	Operating properties	FC	94.9	94.9
Dresden II (Propco Ibis Hotel Dresden) – Rock	Germany	Operating properties	FC	94.9	94.9
Dresden III (propco Ibis Hotel Dresden) – Rock	Germany	Operating properties	FC	94.9	94.9
Dresden IV (propco Ibis Hotel Dresden) – Rock	Germany	Operating properties	FC	94.9	94.9
Opco BKL Hotelbetriebsgesellschaft (Dresden II to IV) – Rock	Germany	Operating properties	FC	94.9	94.9
Dresden V (propco Pullman Newa Dresden) – Rock	Germany	Operating properties	FC	94.9	94.9
Opco Hotel Newa Dresden Betriebs (Pullman) – Rock	Germany	Operating properties	FC	94.9	94.9
Leipzig I (propco Westin Leipzig) – Rock	Germany	Operating properties	FC	94.9	94.9
Opco HotelgesellschaftGerberst. Betriebs (Westin Leipzig) – Rock	Germany	Operating properties	FC	94.9	94.9
Leipzig II (Propco Radisson Blu Leipzig) – Rock	Germany	Operating properties	FC	94.9	94.9
Opco Hotel Deutschland Leipzig Betriebs (Radisson Blu) – Rock	Germany	Operating properties	FC	94.9	94.9
Erfurt I (propco Radisson Blu Erfurt) – Rock	Germany	Operating properties	FC	94.9	94.9
Opco Hotel Kosmos Erfurt (Radisson Blu) – Rock	Germany	Operating properties	FC	94.9	94.9
LHM Holding Lux SARL	Germany	Hotels	FC	100	100
LHM ProCo Lux SARL	Germany	Hotels	FC	90	90
SCI Rosace	France	Operating properties	FC	100	100
Mo First Five	Germany	Hotels	FC	84.6	84.6
FDM M Lux	Luxembourg	Operating properties	FC	100	100
OPCO Rosace	France	Operating properties	FC	100	100
Exco Hôtel	Belgium	Operating properties	FC	100	100
Invest Hôtel	Belgium	Operating properties	FC	100	100
SCI Hôtel Porte Dorée	France	Hotels	FC	100	100
FDM Rocatiera	Spain	Hotels	FC	100	100
Bardiomar	Spain	Hotels	FC	100	100
Trade Center Hotel	Spain	Hotels	FC	100	100

162 companies	Country	Business sector	Consolidation method in 2019	Percentage held in 2019	Percentage held in 2018
H Invest Lux	Luxembourg	Hotels	FC	100	100
H Invest Lux 2	Luxembourg	Hotels	FC	100	100
Hôtel Amsterdam Noord	Netherlands	Hotels	FC	100	100
Hôtel Amersfoort	Netherlands	Hotels	FC	100	100
Foncière B4 Hôtel Invest	France	Hotels	FC	50.2	50.2
B&B Invest Espagne SLU	Spain	Hotels	FC	100	100
SARL Loire	France	Hotels	FC	100	100
Foncière Otello	France	Hotels	FC	100	100
SNC Hôtel René Clair	France	Hotels	FC	100	100
Foncière Manon	France	Hotels	FC	100	100
Foncière Ulysse	France	Hotels	FC	100	100
Ulysse Belgique	Belgium	Hotels	FC	100	100
Ulysse Trefonds	Belgium	Hotels	FC	100	100
Foncière No Bruxelles Grand Place	Belgium	Hotels	FC	100	100
Foncière No Bruxelles Aéroport	Belgium	Hotels	FC	100	100
Foncière No Bruges Centre	Belgium	Hotels	FC	100	100
Foncière Gand Centre	Belgium	Hotels	FC	100	100
Foncière Gand Opéra	Belgium	Hotels	FC	100	100
Foncière IB Bruxelles Grand-Place	Belgium	Hotels	FC	100	100
Foncière IB Bruxelles Aéroport	Belgium	Hotels	FC	100	100
Foncière IB Bruges Centre	Belgium	Hotels	FC	100	100
Foncière Antwerp Centre	Belgium	Hotels	FC	100	100
Foncière Bruxelles Expo Atomium	Belgium	Hotels	FC	100	100
Murdelux SARL	Luxembourg	Hotels	FC	100	100
Portmurs	Portugal	Hotels	FC	100	100
Sunparks Oostduinkerke	Belgium	Hotels	FC	100	100
Foncière Vielsam	Belgium	Hotels	FC	100	100
Sunparks Trefonds	Belgium	Hotels	FC	100	100
Foncière Kempense Meren	Belgium	Hotels	FC	100	100
FDM Gestion Immobilière	France	Hotels	FC	100	100
B&B Invest Lux 1	Germany	Hotels	FC	100	100
B&B Invest Lux 2	Germany	Hotels	FC	100	100
B&B Invest Lux 3	Germany	Hotels	FC	100	100
Foncière B2 Hôtel Invest	France	Hotels	FC	50.2	50.2
OPCI B2 Hôtel Invest	France	Hotels	FC	50.2	50.2
Foncière B3 Hôtel Invest	France	Hotels	FC	50.2	50.2
B&B Invest Lux 4	Germany	Hotels	FC	100	100
NH Amsterdam Center Hotel HLD	Netherlands	Hotels	FC	100	100
Stadhouderskade Amsterdam BV	Netherlands	Hotels	FC	100	100
Mo Lux 1 SARL	Germany	Hotels	FC	100	100
Mo Dreilinden, Niederrad	Germany	Hotels	FC	94	94
Mo Berlin et Koln	Germany	Hotels	FC	94	94
Ringer	Germany	Hotels	FC	100	100
B&B Invest Lux 5	Germany	Hotels	FC	93	93
B&B Invest Lux 6	Germany	Hotels	FC	93	93
Iris Holding France	France	Hotels	EM/EA	19.9	19.9
OPCI Iris Invest 2010	France	Hotels	EM/EA	19.9	19.9
Foncière Iris SAS	France	Hotels	EM/EA	19.9	19.9
Sables d'Olonne SAS	France	Hotels	EM/EA	19.9	19.9
Iris investor Holding GmbH	Germany	Hotels	EM/EA	19.9	19.9

162 companies	Country	Business sector	Consolidation method in 2019	Percentage held in 2019	Percentage held in 2018
Iris General Partner GmbH	Germany	Hotels	EM/EA	10.0	10.0
Iris Berlin GmbH	Germany	Hotels	EM/EA	19.9	19.9
Iris Bochum & Essen GmbH	Germany	Hotels	EM/EA	19.9	19.9
Iris Frankfurt GmbH	Germany	Hotels	EM/EA	20	20
Iris Verwaltungs GmbH & co KG	Germany	Hotels	EM/EA	19	19
Iris Nurnberg GmbH	Germany	Hotels	EM/EA	19.9	19.9
Iris Stuttgart GmbH	Germany	Hotels	EM/EA	19.9	19.9
Narcisse Holding Belgique	Belgium	Hotels	EM/EA	20	20
Foncière Bruxelles Tour Noire	Belgium	Hotels	EM/EA	20	20
Foncière Louvain	Belgium	Hotels	EM/EA	20	20
Foncière Malines	Belgium	Hotels	EM/EA	19.9	19.9
Foncière Bruxelles Centre Gare	Belgium	Hotels	EM/EA	19.9	19.9
Foncière Namur	Belgium	Hotels	EM/EA	19.9	19.9
Tulipe Holding Belgique	Belgium	Hotels	EM/EA	19.9	19.9
Iris Tréfonds	Belgium	Hotels	EM/EA	19.9	19.9
Foncière Louvain Centre	Belgium	Hotels	EM/EA	19.9	19.9
Foncière Liège	Belgium	Hotels	EM/EA	19.9	19.9
Foncière Bruxelles Aéroport	Belgium	Hotels	EM/EA	19.9	19.9
Foncière Bruxelles Sud	Belgium	Hotels	EM/EA	19.9	19.9
Foncière Bruge Station	Belgium	Hotels	EM/EA	19.9	19.9
OPCI Camp Invest	France	Hotels	EM/EA	19.9	19.9
SAS Campeli	France	Hotels	EM/EA	19.9	19.9
SCI Dahlia	France	Hotels	EM/EA	20	20
Foncière Développement Tourisme	France	Hotels	transferred	-	50.1
Lambda Amsterdam BV (LHI 2 operation)	Netherlands	Hotels	merged	-	100
Dresden I (propco Westin Bellevue) – Rock	Germany	Operating properties	disposed of	-	94.9
Opco Hotel Bellevue Dresden Betriebs (Westein Bellevue) – Rock	Germany	Operating properties	disposed of	-	94.9
Spiegelrei HLD SA	Belgium	Operating properties	liquidated	-	100

EM/EA: Equity Method – Equity affiliate (36).
FC: Fully consolidated (126)

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

There are 162 companies in the Covivio Hotels Group, including 126 fully consolidated companies and 36 equity affiliates.

3.2.3.6 Evaluation of control

OPCI Foncière B2 hotel Invest (consolidated structured entity)

OPCI Foncière B2 Hôtel Invest, 50.2% owned by Covivio Hotels as at 31 December 2019, is fully consolidated.

Governance decisions at the OPCI are taken by a majority of the six members of the Board of Directors (Covivio Hotels has three representatives including the Chairman, who has a casting vote in the event of a tie).

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

SAS Samoëns (consolidated structured entity)

Having purchased 25% of securities in SAS Samoëns from Caisse des Dépôts on 27 March 2019, Covivio Hotels held 50.1% at 31 December 2019 in partnership with Assurances Crédit Mutuel (49.9%).

As General Manager of Samoëns, Covivio Hotels has the widest powers to act on behalf of the company in all circumstances, in keeping with its corporate purpose. Considering the rules of governance that grant Covivio Hotels powers giving it the ability to affect asset yields, the company is fully consolidated.

3.2.4 Significant events during the period

Significant events during the period were as follows:

3.2.4.1 Acquisitions

Acquisition of a hotel in the Netherlands

In March 2019, Covivio Hotels acquired the NH Amersfoort hotel via the acquisition of the Delta Hôtel company for an asset value of €12.5 million.

Acquisition of two hotels in France

In April 2019, Covivio Hotels acquired two hotels in Nice from Covivio; one is an investment property leased to Accor (hôtel Mercure), the other hotel (Le Méridien) is operated as an owner occupied building by a Group company.

Acquisition of two hotels in the United Kingdom

In February 2019, Covivio Hotels acquired the securities of companies owning two hotels in Oxford for €84 million. It should be noted that these hotels are built on land leased with a firm residual period of 78 years, leading to the recognition of €15.7 million in rights-of-use in respect of long-term leases conferring ad rem rights according to IFRS 16.

Acquisition of a portfolio of 34 hotels in France and Belgium

On 1 July 2019, Covivio Hotels acquired Axa France's 32% stake in a portfolio of 32 hotels leased to Accor located in major French cities, and two hotels in Belgium for €171 million.

Acquisition of a hotel operating property in Ireland

In October 2019, Covivio Hotels acquired the securities of companies owning a Hilton hotel in Dublin for €53.8 million.

Acquisition of three hotels in Poland

In the 4th quarter of 2019, Covivio Hotels acquired three B&B hotels located in Krakow, Warsaw and Lodz for €24 million.

3.2.4.2 Development portfolio

2019 saw the delivery of four development projects: three MEININGER hotels, located in Munich, Paris (Porte de Vincennes) and Lyon, and a B&B hotel in Cergy.

3.2.4.3 Disposals of assets

Disposals of "Leased property" assets

During 2019, Covivio Hotels disposed of hotels worth €396 million.

Covivio Hotels sold two portfolios via a 50.2% owned OPCI, one of 58 B&B hotels for €265 million in June, the second of 30 B&B hotels for €113 million in December; and the Lyon Part Dieu Novotel for €18 million.

Disposals of "Operating Properties" assets

Covivio Hotels sold the two companies that held and operated a hotel (Westin Dresden) in Germany. The net income from the disposal was €4.1 million.

Covivio Hotels also sold a plot of land which is part of the Park Inn Alexanderplatz in Germany. The income from the disposal was €14.3 million.

3.2.4.4 Disposal agreements

At 31 December 2019, preliminary sale agreements amounted to €132.6 million, including those on 11 B&B assets in Germany for €114 million, four B&B assets in France, held in partnership, for €5 million, an Ibis asset in Aubervilliers for €12.6 million and a Courtepaille asset in Béziers for €1 million.

3.2.4.5 Debt Financing and Refinancing

During 2019, Covivio Hotels repaid all of the debt from the operating properties business sector in Germany, amounting to €408 million.

In February 2019, Covivio Hotels drew down the last £31 million of its £400 million bank loan denominated in GBP. This loan is for a term of eight years.

In June 2019, financing of €70 million was secured on two German companies (H Invest Lux 2 and Ringer) and two Dutch companies (Hemda and Delta) over a 10-year period.

Following the disposal of the B&B hotels, Foncière B2 repaid €148 million in bank debt early.

In 2019, the company drew down on existing credit lines in a total amount of €250 million.

3.2.5 Notes to the statement of financial position

3.2.5.1 Portfolio

3.2.5.1.1 Accounting principles applicable to tangible and intangible fixed assets

Business combinations (IFRS 3) and goodwill from acquisitions

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

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

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

Related acquisition costs are recognised in expense in accordance with IFRS 3 under "Income from changes in consolidation scope" in the income statement.

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

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

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

Investment properties (IAS 40)

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

Investment properties represent the majority of the Group's portfolio.

Owner occupied buildings are recognised as tangible fixed assets at amortised cost.

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

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

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

The methodology changes according to the type of asset:

- Valuation of hotel real estate

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

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

- Valuation of the Club Méditerranée holiday villages

  The holiday villages were appraised by capitalisation of the rental income that they are likely to generate (Club Med Da Balaïa, by income capitalisation only and Club Med Samoëns, by capitalisation of rental income, and by discounting all rental income over a 10 year period).

- Valuation of non-material activities

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

  The resulting values are also compared with the initial yield rate and the monetary values per m^2 of comparable transactions and transactions carried out by the Group.

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

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

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

Assets under development (IAS 40)

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

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

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

Right-of-use (IFRS 16)

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

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

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

Tangible fixed assets (IAS 16)

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

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

Buildings	50 to 60 years
General facilities and building improvements	10 to 30 years
Equipment and furniture	3 to 20 years

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

Non-current assets held for sale (IFRS 5)

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

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

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

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

3.2.5.1.2 Table of changes in fixed assets

(€K)	31/12/2018	Change in scope and interest rates	Increase Charges	Disposals	Change in fair value	Transfers	Change in exchange rate	Change in accounting method	31/12/2019
Intangible assets	**146,444**	**- 3,946**	**19**	**0**	**0**	**0**	**0**	**0**	**142,517**
Goodwill	109,938	- 3,946	0	0	0	36,363	0	0	142,355
Gross amounts	367,551	- 70,651	0	0	0	36,363	0	0	333,263
Depreciation	*- 257,613*	*66,705*	*0*	*0*	*0*	*0*	*0*	*0*	*- 190,908*
Other intangible fixed assets	36,506	0	19	0	0	- 36,363	0	0	162
Gross amounts	38,501	- 151	95	- 5	0	- 36,363	0	0	2,077
Depreciation	*- 1,995*	*151*	*- 76*	*5*	*0*	*0*	*0*	*0*	*- 1,915*
Tangible fixed assets	**1,040,233**	**46,781**	**- 19,374**	**- 47,081**	**0**	**0**	**0**	**29,034**	**1,049,593**
Operating properties	1,011,948	47,051	- 22,045	- 42,263	0	294	0	27,585	1,022,570
Gross amounts	1,249,931	30,356	12,887	- 48,411	0	1,311	0	27,585	1,273,659
Depreciation	*- 237,983*	*16,695*	*- 34,932*	*6,148*	*0*	*- 1,017*	*0*	*0*	*- 251,089*
Other tangible fixed assets	23,575	- 270	- 618	- 321	0	142	0	1,449	23,957
Gross amounts	147,430	- 10,874	6,660	- 3,573	0	142	0	1,449	141,234
Depreciation	*- 123,855*	*10,604*	*- 7,278*	*3,252*	*0*	*0*	*0*	*0*	*- 117,277*
Fixed assets in progress	4,710	0	3,289	- 4,497	0	- 436	0	0	3,066
Investment properties	**4,648,110**	**127,694**	**67,054**	**0**	**214,025**	**- 192,381**	**55,286**	**12,035**	**4,931,824**
Operating properties	4,532,777	127,694	51,575	0	195,964	- 53,438	55,286	12,035	4,921,894
Properties under development	115,333	0	15,479	0	18,061	- 138,943	0	0	9,930
Assets held for sale	**288,072**	**0**	**1,014**	**- 379,793**	**30,964**	**192,381**	**0**	**0**	**132,638**
TOTAL	**6,122,859**	**170,529**	**48,713**	**- 426,874**	**244,989**	**0**	**55,286**	**41,069**	**6,256,573**

The €36.4 million goodwill from the Hermitage portfolio (operating properties segment) was reclassified from "intangible fixed assets" to "goodwill".

The assets of the hotels held as operating properties totalled €1,049.6 million at 31 December 2019. They are recognised in the "Tangible fixed assets" line item. In accordance with IFRS, the owner occupied buildings do not meet the definition of investment property and are measured and recognised at amortised cost.

The scope change (+€170.5 million) column includes:

- the acquisition of the two hotels in Nice (Ruhl) for +€43.8 million;
- the acquisition of the Hilton hotel in Dublin for +€53.4 million;
- the acquisition of the hotels in the United Kingdom for +€99.8 million (including rights of use);
- the adjustment for the 2018 acquisitions for +€3.8 million for the United Kingdom hotels;
- the acquisition of the NH hotel in Amersfoort for +€12.5 million;
- the disposal of the two Dresden companies for -€42.8 million.

Net changes in tangible fixed assets (-€19.4 million) mainly consist of:

- the work on Le Méridien Nice for +€6.7 million;
- the work on the operating properties portfolio in Germany for +€12.7 million;
- depreciation over the period, amounting to -€42 million.

The increases in investment properties (+€67 million) mainly consist of:

- the acquisition of three hotels in Poland for €24 million;
- the €11 million impact of step rental schemes;
- the acquisition of land in Dresden for €4.6 million;
- work on the B&B and Accor portfolio of €5 million;
- work on properties under development for €15.5 million.

Disposals of fixed assets are detailed in § 3.2.6.3.

The "Change in accounting method" column is due to the first-time application of IFRS 16 (long-term leases) for €41 million. This impact principally concerns the restatement of the long building lease on the Pullman hotel in Roissy to the operating properties segment for €27.6 million and the long-term leases conferring ad rem rights in the hotels segment for €12 million.

The amount of the "Disbursements related to acquisitions of tangible and intangible fixed assets" line item in the Statement of Cash Flows totalled €88 million. It corresponds to the total of the "Increases" column, ignoring the impact of charges (-€42 million) of the table of changes in fixed assets (+€91 million) restated for the change in trade payables on fixed assets (+€8 million) and the impact of the step rental schemes in the United Kingdom included in the appraisal values (-€11 million).

The "Proceeds from the disposal of tangible and intangible fixed assets" line item in the Statement of Cash Flows (€454 million) corresponds to net income from asset disposals as presented in the Income Statement.

3.2.5.1.3 Investment properties and assets held for sale

Under IFRS, investment properties and assets held for sale are measured in accordance with the fair value principle.

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

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

Yield rate excluding duties	Level	Yield rate (min.–max.)	Yield rate (weighted average)	Discounted Cash Flow rate (weighted average)	Average discount rate	Appraisal value (in €M)
Hotel Lease properties	Level 3	3.5%–6.2%	4.8%	4.2%–7.8%	5.7%	4,685
Other activities (non material)	Level 3	6.4%–8.0%	7.6%	5.6%–8.4%	7.3%	166
Total in operation						**4,851**
Development portfolio	Level 3			5.6%	5.6%	10
Rights-of-use	Level 3					203
TOTAL						**5,064**

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

(€M)	Yield value	Yield rate - 50 bps	Yield rate +50 bps
Hotel Lease properties	5.3%	535.2	- 438.2
TOTAL	**5.3%**	**535.2**	**- 438.2**

- If the yield rate excluding taxes drops 50 bps (- 0.5 point), the market value excluding taxes of the real estate assets will increase by €535.2 million.
- if the yield rate excluding taxes increases by 50 bps (+0.5 points), the market value excluding taxes of the real estate assets will decrease by €438.2 million;

3.2.5.1.4 Properties under development

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

(€K)	31/12/2018	Acquisitions and works*	Change in fair value	Deliveries	31/12/2019	Scheduled delivery date
MEININGER Porte de Vincennes	48,393	7,659	6,373	- 62,425	0	
MEININGER Lyon Zimmermann	13,409	3,991	3,078	- 20,478	0	
B&B Cergy	5,260	739	1,091	- 7,090	0	
B&B Bagnolet	6,240	2,395	1,295		9,930	24/04/2020
MEININGER Munich	42,031	695	6,224	- 48,950	0	
TOTAL	**115,333**	**15,479**	**18,061**	**- 138,943**	**9,930**	

* Of which financial costs capitalised for €1.4 million.

3.2.5.2 Financial assets

3.2.5.2.1 Accounting principles linked to financial assets

Other financial assets

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

These securities are recognised upon acquisition at cost plus transaction costs. They are then recognised at fair value in the income statement on the reporting date. The fair value is arrived at on the basis of recognised valuation techniques (reference to recent transactions, Discounted Cash Flows, etc.). Some securities that cannot be reliably measured at fair value are recognised at acquisition cost.

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

At 31 December 2019, the only other financial assets were a deposit (€27 million) on future securities acquisitions, and an investment in a non-consolidated company.

Loans

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

3.2.5.2.2 Table of financial assets

(€K)	31/12/2018	Increase	Decrease	Change in exchange rate	31/12/2019
Ordinary loans [1]	11,488	54,517	- 211	- 3	65,791
Total loans and current accounts	**11,488**	**54,517**	**- 211**	**- 3**	**65,791**
Advances and pre-payments on acquisition of securities [2]	7,494	27,000	- 7,604	110	27,000
Securities at historic cost	200	0	0	0	200
Uncalled subscribed capital [3]	20,040	0	- 20,040	0	0
Total other financial assets	**27,734**	**27,000**	**- 27,644**	**110**	**27,200**
Receivables on financial assets	0	57	0	1	58
Total receivables on financial assets	**0**	**57**	**0**	**1**	**58**
TOTAL	39,222	81,574	- 27,856	109	93,050

(1) Ordinary loans mainly comprise subordinated loans to the equity affiliates in the amount of €63 million and guarantee deposits paid to municipal authorities in Spain (€2.5 million). The increase during the fiscal year is mainly due to the loans granted to the Phoenix companies.

(2) The €27 million increase over the period corresponds to the deposit paid for the acquisition of the Roco project securities.

(3) The €20 million decrease in the Uncalled subscribed capital of Foncière Développement Tourisme subscribed by Caisse de Dépôts and not called follows the acquisition of all shares on 27 March 2019.

3.2.5.3 Investments in equity affiliates and joint ventures

3.2.5.3.1 Accounting principles linked to investments

Investments in equity affiliates and joint ventures are accounted for by the equity method. According to this method, the group's investment in equity affiliates or joint ventures is initially accounted for at cost, increased or reduced by the changes, subsequent to the acquisition, in the share of the net assets of the affiliates. The goodwill related to equity affiliates is included in the book value of the investment, if it is not impaired. The share in the earnings for the period is shown in the line item “Share in income of equity affiliates”.

The financial statements of associates and joint ventures are prepared for the same accounting period as for the parent company, and adjustments are made, where relevant, to adapt the account0 ing methods to those of the Covivio Hotels group.

3.2.5.3.2 Investments in equity affiliates and joint ventures

(€K)	% held	31/12/2019	31/12/2018	Share of net income	Dividend payments	Change in scope
Iris Holding France	19.90%	19,256	15,499	4,386	- 629	0
OPCI Iris Invest 2010	19.90%	32,007	30,393	2,982	- 1,368	0
OPCI Campinvest	19.90%	21,097	20,444	1,769	- 1,116	0
SCI Dahlia	20.00%	20,012	17,559	3,177	- 725	0
OPCI Oteli (Phoenix)	31.15%	71,913	0	7,869	0	64,043
Kombon (Phoenix)	33.33%	30,566	0	411	0	30,155
Jouron (Phoenix)	33.33%	11,680	0	- 237	0	11,917
TOTAL		**206,531**	**83,895**	**20,359**	**- 3,837**	**106,115**

Investments in equity affiliates totalled €206.5 million as at 31 December 2019, compared with €83.9 million as at 31 December 2018. The increase is principally due to the addition of the Phoenix portfolio into the scope (34 hotels in France and Belgium) acquired on 1 July 2019 for €106.1 million.

You are reminded that the holding companies OPCI Iris Invest 2010 and Iris Holding France were established in 2010 and hold a portfolio of 49 Accor hotels in France, Belgium and Germany.

The holding company OPCI Campinvest was established in 2011 and holds a portfolio of Campanile hotels in France.

SCI Dahlia was established in 2011 and holds a portfolio of seven Accor hotels in France.

3.2.5.3.3 Breakdown of shareholdings in the main equity affiliates and joint ventures

	Iris Holding France	OPCI Iris Invest 2010	OPCI Campinvest	SCI Dahlia	OPCI Oteli (Phoenix)	Kombon SAS (Phoenix)	Jouron SPRL (Phoenix)
Covivio Hotels Group							
Covivio Hotels	19.9%	19.9%	19.9%	20.0%	31.15%	33.33%	33.33%
Non-Group third parties							
Predica	80.1%	80.1%	68.8%	80.0%			
Pacifica			11.3%				
Sogecap					31.15%	33.33%	33.33%
Caisse Dépôt Consignation					37.7%	33.33%	33.33%

3.2.5.3.4 Key financial information on equity affiliates and joint ventures

(€K)	Total balance sheet	Total non-current assets	Cash	Total non-current liabilities excluding financial debt	Total current liabilities excluding financial debt	Financial payables	Rental income	Cost of net financial debt	Consolidated net income
Iris Holding France	231,047	207,509	22,382	21,363	2,427	110,367	13,319	- 2,997	22,040
OPCI Iris Invest 2010	274,991	253,188	21,484	2,648	235	111,269	17,309	- 2,059	14,984
OPCI Campinvest	187,231	170,950	14,086	0	288	80,926	12,150	- 1,664	8,890
SCI Dahlia	178,390	173,083	5,034	0	260	78,072	8,986	- 1,704	15,887
OPCI Oteli	359,669	343,224	11,297	0	6,178	122,632	21,554	- 2,586	47,704
Kombon SAS	169,632	166,475	3,278	17,206	814	59,913	6,534	- 822	36,280
Jouron SPRL	43,302	41,664	1,333	6,292	142	1,828	2,223	- 46	6,304

Data from the Phoenix portfolio, which was acquired on 1 July 2019, is provided on the basis of a 12 month fiscal year.

3.2.5.4 Deferred tax liabilities on the reporting date

Given the applicable tax regime in France (SIIC regime), potential tax savings on tax loss carryforwards from real estate operations in France are not recognised.

		Increases				Decreases				
(€K)	Balance sheet at 31/12/2018	First time consolidation	Net income for the period	Shareholder's equity	Other changes and transfers	Net income for the period	Difference in rates	Change in exchange rate	Removals from the scope of consolidation	Balance sheet at 31/12/2019
DTA on losses carried forward	8,980		943			- 2,141	- 16			7,766
DTA on fixed asset FV	5,131		1,265			- 477	- 102	94	- 1,207	4,704
DTA on FV cash instruments	634		811			- 169				1,276
DTA on temporary differences	5,455		1,183		- 126	- 941	- 2	22	- 2,046	3,545
	20,200									17,292
DTA/DTL offset	- 12,439									- 13,796
TOTAL DTA	**7,761**		**4,202**		**- 126**	**- 3,728**	**- 120**	**116**	**- 3,253**	**3,496**

		Increases				Decreases				
(€K)	Balance sheet at 31/12/2018	First time consolidation	Net income for the period	Shareholder's equity	Other changes and transfers	Net income for the period	Difference in rates	Change in exchange rate	Removals from the scope of consolidation	Balance sheet at 31/12/2019
DTL on fixed asset FV	257,319	21,536	26,794		- 150	- 23,050	- 2,812	2,660	- 395	281,902
DTL on FV cash instruments	28					- 28				0
DTL on temporary differences	3,711		3,244		24	- 1,358	- 217	33		5,437
	261,059									287,340
DTA/DTL offset	- 12,439									- 13,796
TOTAL DTL	**248,621**	**21,536**	**30,038**		**- 126**	**- 24,436**	**- 3,029**	**2,693**	**- 395**	**273,543**
		Total impact on the income statement:			- 2,219					

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

Deferred tax liabilities linked to unrealised gains on fixed assets, concern the Hotels segment for €193 million and the Operating properties segment for €89 million.

Net deferred taxes in the Hotels segment rose from €164 million to €193 million due to the acquisition of foreign companies (+€13 million) and increased appraisal values on foreign portfolios.

Net deferred taxes in the Operating properties segment fell from €94 million to €89 million due to the disposal of the Westin hotel in Dresden, the rate difference in France, lessened by the tax reported on acquisition of the Hilton hotel in Dublin.

The operating properties companies have recognised tax losses (€7.8 million) This relates to Airport Gardent (€5.1 million) and Opco Nice M (€0.9 million).

The non-recognised tax loss carryforwards, calculated at the standard rate, amounted to €124.5 million, as detailed below:

(€K)	Non-recognised DTA	Non-recognised tax loss carryforwards
Lease properties	26,460	82,651
Operating properties	10,565	37,979
GROUP TOTAL	**37,025**	**120,630**

3.2.5.5 Short-term loans

(€K)	31/12/2018	Increase	Decrease	31/12/2019
Short-term loans	2,216	1,853	- 2,216	1,853
Interest on *swaps*	- 1	1,066	0	1,065
TOTAL	**2,215**	**2,919**	**- 2,216**	**2,918**

Short-term borrowings comprise accrued interest on loans for €1.9 million and interest on swaps for €1 million.

3.2.5.6 Inventories and work-in-progress

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

(€K)	31/12/2018	Change	Change in scope	31/12/2019
Inventories of raw materials and other supplies	2,236	161	- 136	2,261
TOTAL INVENTORIES AND WORK-IN-PROGRESS	**2,236**	**161**	**- 136**	**2,261**

3.2.5.7 Trade receivables

3.2.5.7.1 Accounting principles linked to trade receivables

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

Receivables from operating lease transactions

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

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

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

Receivables of hotels under operation

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

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

3.2.5.7.2 Trade receivables table

(€K)	31/12/2019	31/12/2018	Change
Expenses to be reinvoiced to tenants	3,419	3,147	272
Rent-free periods	0	4,567	- 4,567
Trade receivables	18,581	29,085	- 10,504
Total trade receivables	**22,000**	**36,799**	**- 14,799**
Amortisations and provisions	- 220	- 252	32
NET TOTAL TRADE RECEIVABLES	**21,780**	**36,547**	**- 14,767**

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

Trade receivables, with a balance of €18.6 million at 31 December 2019, mainly comprise:

- trade receivables in the Operating Properties business segment for €11 million;
- other invoicing in other business segments for €8 million, including:
  - €1 million in invoices to be issued for Accor variable rents,
  - €1.5 million in receivables due in less than three months for hotel real estate assets in Spain.

No significant impairment was recognised on trade receivables.

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

(€K)	31/12/2019	31/12/2018
Impact of changes in inventories and work in progress	- 161	73
Impact of changes in trade & other receivables	14,673	- 16,074
Impact of changes in trade & other payables	- 5,637	28,065
CHANGE IN WCR ON CONTINUING OPERATIONS	**8,875**	**12,064**

3.2.5.8 Other receivables

(€K)	31/12/2019	31/12/2018	Change
Tax receivables (CIT)	5,334	3,329	2,005
Other tax receivables	27,395	18,676	8,719
Other receivables	10,065	23,095	- 13,030
Security deposits received	33	1,305	- 1,272
Current accounts	916	908	8
TOTAL TAX RECEIVABLES AND OTHER RECEIVABLES	**43,743**	**47,314**	**- 3,571**

Other tax receivables mainly relate to VAT receivables. This item also includes receivables from the tax authorities of €3.2 million, as a result of disputed tax audits. These receivables are recognised and not impaired in view of the ongoing dispute proceedings.

Other receivables amounted to €10.1 million at 31 December 2019. They include receivables from the operating properties business for €8 million, including partial recognition of the EBITDA of the minimum guaranteed by Accor for the Pullman Roissy in the 2019 fiscal year for €3.3 million.

3.2.5.9 Prepaid expenses

Prepaid expenses mainly relate to the Operating properties business

(€K)	31/12/2019	31/12/2018	Change
Prepaid expenses	1,458	1,816	- 359
Valuation difference assets	0	0	0
Treasury instruments – assets (premium)	0	0	0
TOTAL PREPAID EXPENSES	**1,457**	**1,816**	**- 359**

3.2.5.10 Cash and cash equivalents

3.2.5.10.1 Accounting principles applicable to cash and cash equivalents

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

3.2.5.10.2 Table of cash and cash equivalents

(€K)	31/12/2019	31/12/2018
Money-market securities available for sale	1,602	5,001
Cash at bank	163,126	376,400
GROSS CASH	**164,728**	**381,401**

At 31 December 2019, the portfolio of money market securities available for sale consisted mainly of traditional money market funds (Level 2).

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

The Covivio Hotels group does not hold any investments subject to capital risk.

3.2.5.11 Shareholders' equity

3.2.5.11.1 Accounting principles applicable to equity

Treasury shares

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

3.2.5.11.2 Statement of changes in shareholders' equity

The statement of changes in shareholders' equity and movements in the share capital are presented in note 3.1.4.

3.2.5.12 Statement of liabilities

3.2.5.12.1 Accounting principles applicable to debt

Financial liabilities include borrowings and other interest-bearing debt.

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

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

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

The rental liability in respect of long-term leases conferring ad rem rights/construction leases is presented in the balance sheet item Short- or long-term rental liabilities, with the financial expense in the item Interest charges on rental liabilities.

Derivatives and hedging instruments

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

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

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

3.2.5.12.2 Table of debt

(€K)	31/12/2018	Increase	Decrease	Change in scope	Change in exchange rate	Other changes	31/12/2019
Bank borrowings	2,027,963	396,790	- 649,085	5,609	22,091	0	1,803,366
Bonds	736,553	0	0	0	0	0	736,553
Finance lease borrowing	17,099	0	- 3,199	0	0	0	13,900
Other borrowings*	58,087	173	- 26,302	- 1,883	13	0	20,088
Subtotal interest-bearing loans	**2,839,702**	**396,963**	**- 678,586**	**- 6,274**	**22,104**		**2,573,907**
Accrued interest	13,207	12,416	- 13,279	0	16	0	12,360
Deferral of loan expenses	- 28,777	8,447	- 1,282	0	27	0	- 21,585
Creditor banks	1,193	0	0	- 245	3	17,841	18,792
Total Borrowings (LT/ST)	**2,825,325**	**417,826**	**- 693,148**	**- 6,519**	**22,150**	**17,841**	**2,583,475**
of which Long-term	*2,569,251*	*385,127*	*- 617,242*	*175,309*	*21,972*	*0*	*2,534,416*
of which Short-term	*256,074*	*32,699*	*- 75,906*	*- 181,828*	*178*	*17,841*	*49,059*
Valuation of financial instruments	**30,749**					**58,275**	**89,024**
of which Assets	*- 14,432*					*- 2,419*	*- 16,851*
of which Liabilities	*45,180*					*60,695*	*105,875*
TOTAL BANK DEBT	**2,856,074**	**417,826**	**- 693,148**	**- 6,519**	**22,150**	**76,117**	**2,672,499**

* These are loans to partnerships (FC) from shareholders other than Covivio Hotels. At 31 December 2019, the balance of €20 million mainly comprised SAS Samoëns for €15.5 million, and the Rock companies in Germany in the operating properties business for €2 million.

The "Proceeds from new borrowings" line item in the Statement of Cash Flows (+€402 million) corresponds to the increase in borrowings accruing interest column (+€397 million), less the new loan issue costs (-€1 million) plus rental liabilities (+€6 million), essentially on the United Kingdom portfolio.

The "Repayments of borrowings" line item in the Statement of Cash Flows (-€682 million) corresponds to the decreases column for interest-bearing borrowings (-€678 million) plus the rental liabilities (-€4 million).

3.2.5.12.3 Bank borrowings

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

(€K)	Debt	Appraisal value 31/12/2019	Outstandings debt at 31/12/2019	Date of signature	Nominal Initial	Maturity
	€447 million (2013) – REF2		172,275	25/10/2013	447,000	31/01/2023
	€130 million (2019) – REF1		129,626	04/04/2019	130,000	03/04/2026
	€255 million (2012) – Covered bonds		186,553	14/11/2012	255,000	16/11/2021
	€290 million (2017) – OPCI B2 HI (B&B)		126,566	10/05/2017	290,000	10/05/2024
	€278 million (2017) – RocaTierra (assets in Spain)		220,085	29/03/2017	277,188	29/03/2025
	£400 million (2018/2019) – Rocky (assets in the United Kingdom)		467,965	24/07/2018	475,145	24/07/2026
> 100 €M		**2,996,442**	**1,303,070**			
< 100 €M		**1,363,707**	**519,320**			
Total collateralised		**4,360,148***	**1,822,390**			
	€200 million (2015) – Private placement		200,000	29/05/2015	200,000	29/05/2023
	€350 million (2018) – Bonds		350,000	24/09/2018	350,000	24/09/2025
> 100 €M		**1,782,296**	**550,000**			
< 100 €M			**181,429**			
Total unencumbered		**1,782,296**	**731,429**			
	Other payables		20,088			
TOTAL		**6,142,445**	**2,573,907**			

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

The borrowings are valued after their initial recognition at cost, amortised based on the effective rate. The average rate of the consolidated debt of Covivio Hotels at 31 December 2019 was 2.25% (versus 2.08% at 31 December 2018).

Collateralised fixed assets represented 70.1% of total fixed assets. This collateral is provided for the same term as the underlying financing.

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

(€K)	Balance as at 31/12/2019	Maturity to - 1 year	Balance as at 31/12/2020	Maturity from 2 to 5 years	Deadline Over 5 years
Fixed-rate long-term financial liabilities	**856,982**	**1,812**	**855,170**	**504,347**	**350,824**
Bank borrowings and finance leases	100,342	1,812	98,530	98,530	0
Total Borrowings and bonds	**100,342**	**1,812**	**98,530**	**98,530**	**0**
Bonds	736,553	0	736,553	386,553	350,000
Total debts represented by securities	**736,553**	**0**	**736,553**	**386,553**	**350,000**
Other borrowings	**20,087**	**0**	**20,087**	**19,263**	**824**
Floating-rate financial debt	**1,716,924**	**20,368**	**1,696,556**	**530,699**	**1,165,857**
Bank borrowings and finance leases	1,716,924	20,368	1,696,556	530,699	1,165,857
Total Borrowings and bonds	**1,716,924**	**20,368**	**1,696,556**	**530,699**	**1,165,857**
Debts represented by securities	**0**	**0**	**0**	**0**	
TOTAL	**2,573,907**	**22,181**	**2,551,726**	**1,035,046**	**1,516,680**

3.2.5.12.4 Bonds

The characteristic features of bonds are as follows:

Features			
Issue date	16/11/2012	29/05/2015	24/09/2018
Issue amount (in €M)	255	200	350
Partial redemption (in €M)	68	0	0
Nominal amount following partial redemption (in €M)	**186.6**	**200**	**350**
Nominal value of a bond (in €)	200,000	200,000	100,000
Nominal amount per bond following partial redemption (in €)	146,316*	200,000	100,000
Number of units issued	1,275	1,000	3,500
Nominal rate	3.682% and 2.754% from 16/02/2015	2,218%	1,875%
Maturity	16/11/2021	29/05/2023	24/09/2025

* Following the disposals in 2017, the nominal amount per bond fell from €148,368 to €146,316.

The fair value of these bonds was €761.7 million as at 31 December 2019 (the value in the consolidated statement of financial position as at 31 December 2019 was €736.6 million).

The impact of the revaluation of the risk-free rate on fixed-rate borrowings as at 31 December 2019 was €25.1 million.

3.2.5.12.5 Derivatives

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

(€K)	31/12/2018 Net	Change in consolidation method	Restructuring payments	Impact on P&L	Shareholders' equity impact	31/12/2019 Net
Financial instruments	- 30,749	0	6,730	- 51,410	- 13,595	- 89,024
TOTAL	**- 30,749**	**0**	**6,730**	**- 51,410**	**- 13,595**	**- 89,024**
					Cash instruments – Liabilities	**105,875**
					Cash instruments – Assets	**16,851**

In accordance with IFRS 13, the fair values include the counterparty default risk (CDA/DVA) for -€1.4 million as at 31 December 2019 compared with -€1.1 million as at 31 December 2018.

The "Unrealised gains and losses relating to changes in fair value" line in the Statement of Cash Flows (-€194 million), which makes it possible to calculate cash flows from operating activities, incorporates the impact of changes in the value of cash instruments (€51 million) and the change in the value of Investment Properties (-€245 million).

The "Other cash flow from financing activities" line item in the Statement of Cash Flows (-€6.7 million) includes disbursements relating to hedging restructuring payments.

The -€13.6 million impact on shareholders' equity corresponds to the change over the fiscal year in the exchange rate on cross currency swaps used to hedge our United Kingdom investments.

Breakdown of hedging instruments by maturity of notional values

(€K)	31/12/2019	under 1 year	1 to 5 years	over 5 years
Fixed hedge				
Fixed rate receiver swap	733,344	0	100,000	633,344
Fixed rate payer swap	1,910,753	217	160,825	1,749,711
Total *swaps*	**1,177,409**	**217**	**60,825**	**1,116,367**
Optional hedge				
Cap *purchase*	175,375	36,255	70,920	68,200
Floor *purchase*	28,000	0	0	28,000
Floor *sale*	13,000	0	10,000	3,000
TOTAL	**2,860,472**	**36,472**	**341,745**	**2,482,255**

Forward hedging instruments are not included in this table.

Hedging balance at 31 December 2019

	Balance as at 31/12/2019	
(€K)	Fixed rate	Floating rate
Gross borrowings and financial debt	856,982	1,716,924
Creditor banks		18,792
Net financial liabilities before hedging	**856,982**	**1,735,716**
Fixed hedge: *swaps*	0	- 1,177,409
Option hedge: *caps*	0	- 175,375
Total hedges	**0**	**- 1,352,784**
NET FINANCIAL LIABILITIES AFTER HEDGING	**856,982**	**382,932**

3.2.5.12.6 Rental liabilities

Long-term leases conferring ad rem rights on hotels held in the United Kingdom and Spain have been accounted for as finance leases, with the initial recognition of a rental liability of €163.7 million, calculated by discounting future rental payments over the residual period of the lease at the acquisition date.

At 31 December 2019, the balance of rental liabilities was €230.5 million following the application as of 1 January 2019 of IFRS 16.

Interest expenses on these rental liabilities was €12.9 million in respect of fiscal year 2019.

(€K)	31/12/2018	Increase	Decrease	Change in accounting method	Change in scope	Change in exchange rate	31/12/2019
Long-term rental liabilities	163,281	3,285	0	39,442	14,257	7,538	227,802
Short-term rental liabilities	376	2,758	- 3,577	1,627	1,442	26	2,652
TOTAL BANK DEBT	**163,657**	**6,042**	**- 3,577**	**41,069**	**15,699**	**7,564**	**230,454**

The increase in rental liabilities concerns long-term leases conferring ad rem rights on assets located in the United Kingdom due to their indexation and their lifetime of over one hundred years.

Maturities of rental liabilities:

(€K)	At 31/12/2019	under 1 year	1 to 5 years	5 to 25 years	over 25 years	Total LT
Hotels	202,637	1,816	2,381	22,821	175,618	200,821
Operating properties	27,817	836	1,990	4,413	20,578	26,981
TOTAL RENTAL LIABILITIES	**230,454**	**2,652**	**4,372**	**27,234**	**196,196**	**227,802**

3.2.5.12.7 Banking covenants

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

The most stringent LTV covenant was 60% as at 31 December 2019.

The most stringent ICR covenant was 200% as at 31 December 2019.

The Covivio Hotels Group's bank covenants were fully complied with as at 31 December 2019.

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

Covenant threshold	Scope	Covenant	Ratio
€447 million (2013) – REF II	Covivio Hotels	< 60%	In compliance
€255 million (2012) – Mortgage bond	Covivio Hotels	≤ 65%	In compliance
€200 million (2015) – Private placement	Covivio Hotels	≤ 60%	In compliance
€279 million (2017) – Roca	Covivio Hotels	< 60%	In compliance
£400 million (2018) – Rocky	Covivio Hotels	< 60%	In compliance

Consolidated ICR	Scope	Covenant	Ratio
€447 million (2013) – REF II	Covivio Hotels	> 200%	In compliance
€255 million (2012) – Mortgage bond	Covivio Hotels	≥ 200%	In compliance
€200 million (2015) – Private placement	Covivio Hotels	≥ 200%	In compliance
€279 million (2017) – Roca	Covivio Hotels	> 200%	In compliance
£400 million (2018) – Rocky	Covivio Hotels	> 200%	In compliance

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

3.2.5.13 Provisions for contingencies and losses

3.2.5.13.1 Accounting principles applicable to provisions for contingencies and losses

Retirement commitments

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

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

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

3.2.5.13.2 Table of provisions

(€K)	31/12/2018	Scope change	Charges	Reversal of provision Used	Reversal of provision Unused	31/12/2019
Other provisions for disputes	315	0	223	0	- 186	352
Provisions for taxes	7,954	- 199	0		0	7,755
Other provisions	252	0	163	0	- 325	90
Provisions subtotal – current liabilities	**8,521**	**- 199**	**386**	**0**	**- 511**	**8,197**
Provisions for retirement benefit	1,305	0	55	0	- 105	1,255
Provisions for long-service awards	76	0	0	0	- 2	74
Provisions subtotal – non-current liabilities	**1,381**	**0**	**55**	**0**	**- 107**	**1,329**
TOTAL PROVISIONS	**9,902**	**- 199**	**441**	**0**	**- 618**	**9,526**

The €7.7 million in provisions for taxes relate to tax risks on the German portfolio in the operating properties business.

3.2.5.14 Other payables

(€K)	31/12/2019	31/12/2018	Change
Other long-term liabilities	4,336	8,207	- 3,870
Trade payables	36,088	45,593	- 9,505
Trade payables on fixed assets	11,649	23,591	- 11,942
Advances and pre-payments received	11,689	7,295	4,394
Current taxes	16,508	11,976	4,532
Other short-term liabilities	21,013	25,260	- 4,247
Current accounts – liabilities	120	115	6
TOTAL	**101,402**	**122,035**	**- 20,633**

Other long-term liabilities were security deposits received, €3.1 million of which were on assets in the hotel portfolio in Spain and €1.2 million from operating properties business.

Trade payables mostly relate to the operating properties business for €22 million.

Trade payables on fixed assets comprise expenses for work carried out on the assets as well as deferred payments for acquisitions of long-term investment securities or company shares. The item decreased due to the settlement of the payment difference on the acquisition of the portfolio in Spain (-€4.5 million) and due to the payment of holdbacks on SAS Samoëns (-€5.5 million).

Other short-term liabilities mainly include the €9 million tax liability and social debt in the operating properties business for €6.5 million.

Current taxes increased following recognition of a €4.3 million sales tax relating to the disposal of a plot of land at Alexanderplatz (operating properties segment).

3.2.5.15 Recognition of financial assets and liabilities

Categories according to IFRS 9	Item concerned in the statement of financial position	31/12/2019 Net (in €K)	Amount given in the assessed Statement of Financial Position: Amortised cost	Fair Value through shareholders' equity	Fair Value through profit or loss	Fair value (€K)
Loans and receivables	Non-current financial Assets	65,791	65,791			65,791
Loans and receivables	Trade receivables	21,780	21,780			21,780
Assets at fair value	Derivatives at fair value	16,851		0	16,851	16,851
Assets at fair value	Cash and cash equivalents	1,602			1,602	1,602
Total financial assets		**106,024**	**87,571**	**0**	**18,453**	**106,024**
Liabilities at amortised cost	Financial payables	2,573,907	2,573,907			2,600,790 (1)
Liabilities at fair value	Derivatives at fair value	105,875		0	105,875	105,875
Liabilities at amortised cost	Security deposits	4,336	4,336			4,336
Liabilities at amortised cost	Trade payables	47,736	47,736			47,736
Total financial liabilities		**2,731,855**	**2,625,980**	**0**	**105,875**	**2,758,738**

(1) The difference between the net book value and the fair value of the fixed rate debt is €26,883 thousand (€25,139 thousand for the loans broken down in 3.2.5.12.2. and €1,744 thousand for other group fixed-rate debt).

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

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

(€K)	Level 1	Level 2	Level 3	Total
Derivatives at fair value through profit or loss and OCI		16,851		16,851
Cash and cash equivalents		1,602		1,602
Total financial assets	**0**	**18,453**	**0**	**18,453**
Derivatives at fair value through profit or loss and OCI		105,875		105,875
Total financial liabilities	**0**	**105,875**	**0**	**105,875**

3.2.5.16 Accruals

(€K)	31/12/2019	31/12/2018	Change
Prepaid income and other accounts	22,979	20,771	2,208
TOTAL ACCRUALS	**22,979**	**20,771**	**2,208**

Prepaid income is mainly pre-paid rental income on the leased hotels activity (€14.5 million), €13 million of which relates to the United Kingdom portfolio; and the operating properties business (€7.5 million). In accordance with IFRS 15, this income includes the partial non-recognition of the guaranteed minimum rent (EBITDA) by Accor for Pullman Roissy over fiscal years 2016 and 2017 for €8.5 million. The EBITDA guarantee mechanisms provide for a repayment clause depending on future hotel real estate performance, which do not allow recognition of payments by Accor as components of income definitively acquired.

3.2.6 Notes to the statement of net income

3.2.6.1 Accounting principles

Rental income

According to the presentation of the income statement, rental income is treated as revenues. Service charges are now shown on a specific line of the statement of net income (management and administration revenues) below net rental income.

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

Rental income for the period is comprised of rental income received during the period. For hotel real estate managed by the Accor Group, such receipts are calculated as a percentage of revenue for the fiscal year. Accounting adjustments are carried out at year-end to reflect revenues for the fiscal year.

Revenue from hotels under management (Hotel Operating properties)

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

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

3.2.6.2 Operating income

3.2.6.2.1 Rental income

Rental income (€K)	31/12/2019	31/12/2018	Change (in €K)	Change (in %)
Hotel Lease properties	233,055	208,483	24,571	11.8%
Other activities (non-material)	12,363	21,438	- 9,075	- 42.3%
TOTAL RENTAL INCOME	**245,418**	**229,921**	**15,496**	**6.7%**

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

Hotel Lease properties

The change in revenues from the hotel real estate activity (+€24.6 million) was mainly due to:

- the impact of acquisitions (+€36 million), including 26 million on the United Kingdom portfolio;
- deliveries of assets under development (+€4 million);
- the impact of disposals of non-strategic assets (-€16.5 million);
- indexing impacts (+€2.4 million) and the change in Accor rents (-€0.4 million).

Other activities (non-material)

Disposals brought down revenues from other non-material activities (retail).

3.2.6.2.2 Real estate expenses

(€K)	31/12/2019	31/12/2018	Change (in %)
Rental income	245,418	229,921	6.7%
Unrecovered rental costs	- 450	- 851	- 47.2%
Taxes and duties	- 12,495	- 13,686	- 8.7%
Income from rebilling of taxes and duties	10,524	12,108	- 13.1%
Expenses on properties	- 2,708	- 2,580	4.9%
Net losses on unrecoverable receivables	30	- 42	- 171.4%
NET RENTAL INCOME	**240,320**	**224,870**	**6.9%**
Rate for property expenses	**- 2.1%**	**- 2.2%**	

The impact between taxes and duties and income from rebilling of taxes and duties (-€2 million at December 31, 2019) mainly relates to assets located in Spain, for which leases do not provide for rebilling all these expenses.

Expenses on properties essentially consist of fees paid to Covivio Property Management in the amount of €2.5 million.

3.2.6.2.3 Managed hotel EBITDA

(€K)	31/12/2019	31/12/2018	Change (in %)
Revenue from hotels under management	232,313	253,503	- 8.4%
Operating expenses of hotels under management	- 162,435	- 179,035	- 9.3%
MANAGED HOTEL EBITDA	**69,878**	74,468	- 6.2%

Detailed results for this activity are presented in section 3.2.8.6.

Managed hotel EBITDA is down following the sale of the Dresden Westin and a period of closure for renovations at the Nice Meridian.

Managed hotel EBITDA does not include the corporate fixed costs for this business. These are shown under fixed costs.

3.2.6.2.4 Net cost of operations

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

(€K)	31/12/2019	31/12/2018	Change (in %)
Management and administration income	2,983	2,196	35.8%
Business expenses	- 1,420	- 1,539	- 7.7%
Overheads	- 22,472	- 20,381	10.3%
Development costs (not capitalised)	- 624	- 92	578.3%
TOTAL NET OPERATING COSTS	**- 21,534**	- 19,816	8.7%

Management and administration income mainly comprises Asset Management fees charged to equity affiliates. These rose on the acquisition of the Phoenix portfolio on 1 July 2019.

Business expenses are mainly made up of building appraisal costs and Asset Management fees.

The increase in fixed costs is attributable to the acquisition of the portfolio in the United Kingdom. This item includes:

- network costs for €6.1 million, including €5.3 million with Covivio;
- personnel expenses for €6.7 million. up €0.9 million versus 2018.

Note that personnel costs for allocation to Income from disposals totalled €7.3 million.

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

(€K)	31/12/2019	31/12/2018	Change
Depreciation of operating assets	- 42,285	- 44,336	2,051
Net change in provisions and other	10,635	6,067	4,568

At 31 December 2019, "Net change in provisions and other" includes the rebilling of construction leases to tenants for €9 million. As rental charges are cancelled under IFRS 16, the income from rebilling to tenants/operators is no longer presented under real estate expenses. This would give a net income for this item and falsify the real estate expenses ratio.

3.2.6.3 Income from disposals

(€K)	Consolidated securities	Operating assets	Assets held for sale	Total assets
Income from disposals	22,528	62,055	396,120	458,175
Selling costs	- 17,580	- 925	- 3,649	- 4,574
NET INCOME FROM DISPOSALS	**4,948**	**61,130**	**392,471**	**453,601**
Net book value disposed of	- 847	- 46,782	- 379,793	- 426,575
NET INCOME FROM DISPOSALS	**4,101**	**14,348**	**12,678**	**27,026**

Income from the disposal of consolidated securities concerns the sale of two companies in the Hotel Operating properties portfolio in Dresden for €4.1 million.

The proceeds from the disposal of real estate assets concerns the €14.3 million deal for the sale of a parcel of land on Alexanderplatz in Berlin.

3.2.6.4 Change in the fair value of assets

(€K)	31/12/2019	31/12/2018
Hotel Lease properties	251,581	102,906
Other activities (non-material)	- 6,593	- 3,038
TOTAL CHANGE IN FAIR VALUE OF PROPERTIES	**244,988**	**99,868**

3.2.6.5 Cost of net financial debt

(€K)	31/12/2019	31/12/2018	Change (in €K)	Change (in %)
Interest income on cash transactions	8,364	12,233	- 3,869	- 31.6%
Interest expense on financing operations	- 55,128	- 53,738	- 1,391	2.6%
Net expenses on hedges	- 16,842	- 13,789	- 3,052	22.1%
COST OF NET FINANCIAL DEBT	**- 63,607**	**- 55,295**	**- 8,312**	**15.0%**

The cost of debt increased by 15%, reflecting the financing agreed for the UK portfolio acquisition in the second half of 2018 and the first half of 2019.

Note that as of 1 January 2019, steady amortisation of loan issue expense for €4.8 million is included under Interest expense on financing operations, restated for homogenisation in 2018.

3.2.6.6 Net financial income

(€K)	31/12/2019	31/12/2018	Change (in €K)	Change (in %)
Cost of net financial debt	- 63,607	- 55,295	- 8,312	15.0%
Interest charges on rental liabilities	- 12,886	- 4,594	- 8,292	np
Changes in the fair value of financial instruments	- 51,412	- 12,780	- 38,632	np
Net income/loss on discounting of liabilities receivables	34	- 477	511	np
Exceptional depreciation of loan issue costs	- 3,612	- 4,707	1,095	- 23.3%
TOTAL NET FINANCIAL INCOME	**- 131,483**	**- 77,853**	**- 53,631**	**68.9%**

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

Lower rates triggered an increase in financial instrument liabilities for -€51.4 million at 31 December 2019 (-€65 million if we include the change in the value of the Cross Currency Swap recognised in shareholders' equity).

The "Other calculated income and expenses" line in the Statement of Cash Flows for €1.7 million primarily consists of the amortisation of borrowing costs (+€4.8 million in regular and +€3.6 million in non-recurring costs), and the reversal of the linearisation of incentives (-€6.7 million).

3.2.6.7 Taxes payable and deferred tax liabilities

3.2.6.7.1 Accounting principles applicable to current and deferred taxes

SIIC tax regime (French companies)

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

- Exemption of SIIC revenues

  The revenues of the SIIC are exempt from taxes concerning:

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

- Distribution obligations

  The distribution obligations associated with exemption profits are the following:

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

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

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

There is no exit tax liability in Covivo Hotels' financial statements at 31 December 2019.

Ordinary law regime and deferred taxes

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

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

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

SOCIMI regime (Spanish companies)

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

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

3.2.6.7.2 Taxes and tax rates by geographical area

(€K)	Taxes payable	Deferred tax liabilities	Total	Deferred tax rate
Offices	0	9,371	9,371	25.83% (1)
Belgium	- 1,491	- 1,415	- 2,906	25.00% (2)
Luxembourg	251	- 4,504	- 4,253	30.00%
Netherlands	- 1,031	- 504	- 1,535	22.25% (3)
Portugal	- 279	- 1,998	- 2,277	23.00%
Germany	- 8,354	- 15,474	- 23,828	15.83% (4)
Spain	0	- 478	- 478	25.00%
United Kingdom	- 1,896	12,789	10,893	17.00%
Ireland	- 8	0	- 8	32.00% (5)
Poland	0	- 6	- 6	9.00%
TOTAL	**- 12,808**	**- 2,219**	**- 15,027**	

(-) is a tax expense; (+) is tax income.

(1) In France, the tax rate for fiscal year 2019 is 32.02%. The tax rate will be 28.9% in 2020, 27.4% in 2021 and 25.83% from fiscal year 2022.

(2) In Belgium, the tax rate used for 2019 is 29.58%. It will go down to 25% as of 2021.

(3) In the Netherlands, the tax rate for fiscal year 2019 is 24.3%. The tax rate will be 23.9% in 2020 and 22.25% from fiscal year 2021.

(4) In Germany, the tax rate on property goodwill is 15.83%, however, for companies in the hotel operations business line, tax rates vary between 30.18% and 32.28%.

(5) In Ireland, the tax rate is 12.5% for property companies, 25% on holdings and 32% on capital gains.

3.2.6.7.3 Deferred tax liabilities and income

(€K)	31/12/2019	31/12/2018	Change
Offices	9,371	1,015	8,356
Belgium	- 1,415	- 6,754	5,339
Luxembourg	- 4,504	- 1,256	- 3,248
Netherlands	- 504	1,248	- 1,752
Portugal	- 1,998	- 859	- 1,139
Germany	- 15,474	- 2,174	- 13,299
Spain	- 478	- 484	6
United Kingdom	12,789	2,034	10,755
Ireland	0	0	0
Poland	- 6	0	- 6
TOTAL	**- 2,219**	**- 7,231**	**5,012**

(-) is a tax expense; (+) is tax income.

The deferred tax expense is primarily related to the hotels business (- €11.6 million) following the increase in appraisal values in the hotel sector in the international market, less deferred tax income on the Hotel Operating properties business (+€9.4 million) generated by the scheduled cut in taxes in France (down from 28.93% to 25.83%).

3.2.6.7.4 Tax proof

The management companies that opted for the SIIC/SOCIMI tax regime in previous years do not pay corporate income tax, except for those that also have a taxable business activity.

Net income before taxes and before income of equity affiliates is neutralised, including for their taxable activities and their transparent taxable subsidiaries.

Accordingly, the tax proof is required solely for taxable French and international companies.

Breakdown of tax by taxable segment

(€K)	SIIC (France) SOCIMI (Spain)	French law shared	Foreign law shared	31/12/2019
Net income before tax, before net income/(loss) of companies accounted by the equity method	188,337	- 5,838	204,191	386,690
Recognised effective tax expense	2,852	6,041	- 23,920	- 15,027

Table of tax proof 2019

(€K)		31/12/2019
Net income before tax		**407,049**
Income (loss) of companies accounted for under the equity method		20,359
Goodwill		0
Net income before tax, before net income (loss) of companies accounted by the equity method and before goodwill		**386,690**
• of which SIIC/SIIQ/SOCIMI		188,337
• **of which companies subject to income tax**		**198,353**
Theoretical tax of 32.023%	**(a)**	**- 63,519**
Effect of differences in rate		8,557
Effect of tax credits and IFA (tax due despite losses)		- 72
Effect of permanent differences		43,557
Allocation to tax losses without DTAs		1,161
Tax losses for the period without DTAs		- 8,481
Total tax effects for the year	***(b)***	***44,722***
Taxes not for the period	***(c)***	***919***
Recognised effective tax expense	**(a) + (b) + (c)**	**- 17,878**
Total effective tax rate		9.01%

3.2.7 Other information

3.2.7.1 Staff costs

In the statement of net income, personnel expenses for the period are included in Overheads for €6.7 million, in Selling costs in the amount of €0.6 million, and in Managed hotel EBITDA for €55.5 million for the Hotel Operating properties business line.

At 31 December 2019, the headcount of fully consolidated companies (excluding companies in the Hotel Operating properties business line) was 26. This headcount is split between France (22 people), Spain (one person) and Luxembourg (three people).

The average headcount at 31 December 2019 for the Hotel Operating properties business increased to 1,481 due to the acquisition of the Hilton hotel in Dublin, less the reduction for the Dresden Westin disposal.

3.2.7.2 Earnings per share and diluted earnings per share

Earnings per share (IAS 33)

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

To calculate the diluted earnings per share, the average number of shares outstanding is adjusted to reflect the conversion of all potential dilutive ordinary shares.

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

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

	31/12/2019	31/12/2018
Net income Group share (in €K)	**352,262**	**194,002**
Average number of undiluted shares	120,283,966	111,311,529
Average number of treasury shares	4,019	3,195
Average number of diluted shares	120,283,966	111,311,529
Earnings per share – undiluted	**2.93**	**1.74**
Earnings per share – diluted	**2.93**	**1.74**

3.2.7.3 Off-balance sheet commitments

3.2.7.3.1 Commitments given (FC companies)

Commitments given (€M)	Deadline	31/12/2019	31/12/2018
Commitments related to consolidated companies		**573.3**	**78.2**
Investment commitments (1)		573.3	78.2
Commitments given for specific transactions		0.0	0.0
Commitments related to financing		**1,822.4**	**2,146.5**
Financial guarantees given (CRD of pledged debt)		1,822.4	2,146.5
Commitments related to operating activities (A + B+ C)		**155.1**	**414.3**
A – Commitments given related to business development		**6.6**	**40.5**
Work commitments outstanding on assets under development (2)		1.1	15.0
Purchase commitments		0.0	0.0
Bank guarantees and other guarantees given		5.5	25.5
B – Commitments related to the implementation of operating contracts		**15.9**	**85.7**
Other contractual commitments given related to "Lease payments due"	2037	11.5	69.7
Work commitments outstanding on investment properties (3)		4.4	16.2
C – Commitments related to asset disposals		**132.6**	**288.1**
Preliminary sale agreements given		132.6	288.1

(1) Investment commitments after deducting pre-payments of €27 million.
(2) Commitments relating to work on assets under development.
(3) Commitments relating to work on investment properties.

(€M)	Cost of work budgets signed*	Amount of works accounted for	Amount of works commitments outstanding	Delivery date
B&B Lyon Bagnolet	7.8	6.7	1.1	2020
GRAND TOTAL	**7.8**	**6.7**	**1.1**	

(€M)	Amount of works budgets signed*	Amount of works accounted for	Amount of works commitments outstanding	Delivery date
Accor Hotels	10.3	6.9	3.4	2020
B&B Hotels	57.5	56.4	1.0	2020
GRAND TOTAL	**67.8**	**63.3**	**4.4**	

* The budgets signed for building works are monitored and updated regularly.

Other commitments given:

Under its SIIC status, the group has specific obligations, as set out in section 3.2.6.7.1.

The Central Facility of the Sunparks Vielsam asset was the subject of a contribution to Foncière Vielsam Loisirs (in which Covivio Hotels holds 35.7% of the capital, but only 2.7% of the voting rights) with Covivio Hotels having the possibility of exercising a put option at the end of the 10th year.

3.2.7.3.2 Commitments given (Equity affiliates)

Commitments given (€M)	Deadline	31/12/2019	31/12/2018
Commitments related to consolidated companies		**0.0**	**0.0**
Investment commitments		0.0	0.0
Commitments given for specific transactions		0.0	0.0
Commitments related to financing		**67.9**	68.5
Financial guarantees given (CRD of pledged debt)		67.9	68.5
Commitments related to operating activities (A + B+ C)		**0.0**	**0.0**
A – Commitments given related to business development		**0.0**	**0.0**
Work commitments outstanding on assets under development		0.0	0.0
Bank guarantees and other guarantees given		0.0	0.0
Claw back *clause*		0.0	0.0
B – Commitments related to the implementation of operating contracts		**0.0**	**0.0**
Exercise of finance lease options		0.0	0.0
C – Commitments related to asset disposals		**0.0**	**0.0**

3.2.7.3.3 Commitments received (FC companies)

Commitments received (€M)	Deadline	31/12/2019	31/12/2018
Commitments related to consolidated companies		**0.0**	**0.0**
Commitments related to financing		**82.3**	**335.9**
Financial guarantees received (authorised lines of credit not used)		82.3	335.9
Commitments related to operating activities		**3,905.7**	**3,687.1**
Other contractual commitments received related to "rental income due" activities		2,692.0	2,982.4
Assets received in pledge, mortgage or collateral, as well as guarantees received		498.0	298.8
Other contractual commitments received related to business activities	2020	4.3	8.5
Preliminary sale agreements received = Preliminary sale agreements given		132.6	288.1
Works committed outstanding (fixed assets) = (2) + (3) of commitments given		5.5	31.1
Acquisition commitments (fixed assets)		573.3	78.2

Other contractual commitments received related to "rental income due" activities

(€K)	Club Méditerranée	Sunparks holiday villages	B&B Hotels France	B&B Hotels B2/B3/B4HI	B&B Hotels Germany	B&B Hotels Germany 2	B&B Hotels Germany 3	B&B Spain
in less than 1 year	10,383	7,062	2,595	20,903	9,193	9,244	2,700	763
From 1 to 5 years*	54,298	36,929	13,569	107,140	48,076	48,345	14,120	3,993
Over 5 years*	44,995	55,917	2,939	63,630	74,513	68,435	38,519	4,234
TOTAL	**109,676**	**99,907**	**19,103**	**191,673**	**131,781**	**126,024**	**55,339**	**8,990**

* Underlying assumption: 1.5% increase.

(€K)	NH Germany portfolio	NH Netherlands portfolio	Spain hotel real estate portfolio	Motel One	United Kingdom Hotels portfolio	Courtepaille restaurants	Jardiland garden centres	B&B Poland	Total
in less than 1 year	8,835	7,330	32,172	4,455	42,754	5,904	6,227	1,469	171,990
From 1 to 5 years*	46,204	38,333	79,364	23,298	223,583	29,538	32,564	7,682	807,035
Over 5 years*	114,843	87,719	197,778	32,120	868,083	27,070	18,051	14,084	1,712,929
TOTAL	**169,882**	**133,382**	**309,315**	**59,873**	**1,134,420**	**62,512**	**56,842**	**23,235**	**2,691,954**

* Underlying assumption: 1.5% increase.

3.2.7.3.4 Commitments received (Equity affiliates)

Commitments received (€M)	Deadline	31/12/2019	31/12/2018
Commitments related to consolidated companies		**0.0**	**0.0**
Commitments received on specific transactions		0.0	0.0
Commitments related to financing		**0.0**	**0.0**
Commitments related to financing not specifically required by IFRS 7			
Financial guarantees received (authorised lines of credit not used)		0.0	0.0
Commitments related to operating activities		**8.6**	**8.2**
Financial instruments contracted for the purpose of receipt or delivery of a non-financial item (own *use contracts*)		0.0	0.0
Other contractual commitments received related to business activities		0.0	0.0
Assets received in pledge, mortgage or collateral, as well as guarantees received		8.6	8.2
Works commitments outstanding (fixed assets)		0.0	0.0

Commitments regarding operating lease agreements:

Accor leases provide for contingent rental income dependent on hotel revenues

Types of leases	Accor Hotels	Sunparks	Club Med	B&B Hotels France
Conditions for renewal or purchase options	Proposal for renewal 18 months before the expiration of the lease. The tenant has six months to accept or refuse the renewal.	Proposal for renewal 15 months before lease expiry for a 10-year term	Proposal for renewal nine months before the expiration of the term of validity. Renewal on the same terms as the existing lease – 15 years, of which eight are fixed and irrevocable	Renewable twice for 12 years, then once for 9 years (with the option to terminate every 3 years)
Indexing clauses	Based on hotel real estate revenues	In line with the change in the healthcare index published by Moniteur Belge	In line with the value of the Eurostat CPI index	In line with the change in the Construction Cost Index (ILC)
Term	12 years firm	15 years firm	15 years firm	12 years firm

Types of leases	B&B Hotels Germany	B&B Hotels Spain	B&B Hotels Germany 2	B&B Hotels Germany 3
Conditions for renewal or purchase options	Two renewal options for 5 years under the same conditions and charges	Renewable twice for 15 years on the tenant's request	Two 5-year extensions possible on the tenant's request	Two 5-year extensions possible on the tenant's request
Indexing clauses	In line with the change in the German consumer price index (VPI)	100% of the Spanish CPI	100% of the German CPI	100% of the German CPI
Term	20 years firm	15 years firm	20 years firm	20 years firm

Types of leases	NH Hotels	Motel One hotels	Hotels in the United Kingdom	B&B Hotels Poland
Conditions for renewal or purchase options	Renewal at expiration of the lease Four 10-year renewal options	Two renewal options for 5 years under the same conditions and charges	No renewal or purchase options	No renewal or purchase options
Indexing clauses	In line with the change in the consumer price index (CPI)	In line with the change in the German consumer price index (VPI)	100% of the English CPI	100% of the Polish CPI
Term	20 years firm	20 years firm	25 years firm	15 years firm

Types of leases	Bardiomar	Trade Center Hotel	Rocatierra
Conditions for renewal or purchase options	n/a	n/a	n/a
Indexing clauses	Variable rent with a guaranteed minimum Variable based on revenues	Linked to Spanish CPI	Linked to Spanish CPI – Variable based on revenues
Term	45 years firm	20 years firm	12 years firm

Types of leases	Courtepaille restaurants	Jardiland
Conditions for renewal or purchase options	Renewal at the end of the lease with the same conditions and charges as the initial lease	Renewable for a period of nine years For the first renewal, the tenant commits to a fixed and irreducible term of six years. From the second renewal the tenant may cancel after each 3-year period.
Indexing clauses	In line with the change in the Construction Cost Index (ILC)	In line with the change in the Construction Cost Index (ILC)
Term	Leases for 3–6–9 years	Leases for 6–12 years, 6–9–12 years or 12 years firm

3.2.7.4 Related-party transactions

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

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

Partner	Type of partner	Operating income	Net financial income/ (charges)	Balance sheet	Comments
Covivio Hotels Gestion	General Manager	- 1,688			Remuneration of Management Board
Covivio Property	Group service provider	- 1,486			Property *fees*
Covivio	Group service provider	- 5,228			Network costs
Covivio SGP	General Manager OPCI B2 INVEST HOTEL	- 200			Consultancy services and management agreement
Covivio Immobilien GmbH	Group service provider	- 665			Network costs
IRIS (OPCI + Holding), OPCI Campinvest, SCI Dahlia and Phoenix	Equity affiliates	3,358	678	61,413	Asset and property fees, Loans

In addition, two transactions were completed in 2019 with companies in the Covivio group. The first was for the acquisition of securities by SCI Ruhl Côte d'Azur, which owns the Mercure Nice and Le Méridien Nice hotels, from Covivio. The second concerned the disposal of the parcel of land on Alexanderplatz in Berlin, which was sold to Covivio Alexanderplatz SAS.

3.2.7.5 Remuneration of executive officers

3.2.7.5.1 Remuneration of executive officers and directors

(€K)	31/12/2019	31/12/2018
Directors	27	46
Attendance fees	**27**	**46**

As at 31 December 2019, €27 thousand in attendance fees had been paid to members of the Supervisory Board and the Audit Committee.

3.2.7.5.2 Remuneration of the General Manager and of the Limited partners

The Managing Partner, Covivio Hotels Gestion, received €1.2 million excluding taxes for its work in respect of 2019. The terms of this remuneration are governed by Article 11 of the Articles of Association of Covivio Hotels.

In 2019, €500 thousand in preferred dividends was paid to the Limited partner, Covivio Hotels Gestion in respect of 2018. This preferred dividend was recognised under operating expenses in accordance with IFRS, which specify that preferred dividends must be treated as management commissions.

3.2.7.6 Statutory Auditors' fees

	Mazars				Ernst & Young et autres				PriceWaterHouseCoopers			
	Amount		%		Amount		%		Amount		%	
(€K)	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Statutory Auditing, certification, review of company and consolidated financial statements	**503**	**419**	**38%**	**33%**	**784**	**817**	**59%**	**64%**	**47**	**37**	**4%**	**3%**
Issuer	148	142	50%	50%	148	142	50%	50%				
Fully consolidated affiliates	278	264	37%	33%	479	534	63%	67%	13	12		
Other fixed assets	77	13	29%	7%	157	142	59%		34	24	13%	14%
Services other than certification of the financial statements*	**30**	**64**	**26%**	**36%**	**84**	**116**	**74%**	**64%**				
Issuer	0	62	0%	39%	32	97	100%	61%				
Fully consolidated affiliates	30	2	37%	10%	52	19	63%	90%				
Other fixed assets												
TOTAL	**533**	**483**	**38%**	**33%**	**868**	**933**	**60%**	**64%**	**47**	**37**	**3%**	**3%**

* Services other than certification of the financial statements performed in respect of fiscal year 2019 break down as follows:

CSR: (€32 thousand);

Other assignments: €82 thousand.

3.2.7.7 Audit exemption for Murdelux subsidiaries in the United Kingdom

In accordance with section 497A of the UK Companies Act 2006, Covivio Hotels granted a guarantee to certain subsidiaries of Murdelux, registered in England, Wales and Scotland, in order that they may benefit from an audit exemption in respect of the fiscal year ended 31 December 2019.

Company name	Registration number	Company name	Registration number
Lagonda Russel PropCo Ltd	04216881	Lagonda Russel HoldCo Ltd	11372545
Lagonda Palace PropCo Ltd	04216858	Lagonda Palace HoldCo Ltd	11373181
Roxburgue Investments PropCo Ldt	11395373	Roxburghe Investments HoldCo Ltd	11373207
George Hotel Investments Ltd	05451630	George Hotel Investments HoldCo Ltd	11373156
Grand Central Hotel Company Ltd	06874981	Grand Central Hotel Company HoldCo Ltd	11373169
Blythswood Square Hotel Glasgow Ltd	SC294938	Blythswood Square Hotel Glasgow HoldCo Ltd	11372611
The St David's Hotel Cardiff Ltd	03299012	The St David's Hotel Cardiff HoldCo Ltd	11373224
Lagonda York PropCo Ltd	04216868	Lagonda York HoldCo Ltd	11373188
Lagonda Leeds PropCo Ltd	04216823	Lagonda Leeds HoldCo Ltd	11373176
Wotton House Properties Ltd	05965427	Wotton House Properties HoldCo Ltd	11373120
Oxford Spires Hotel Ltd	03629986	Oxford Spires Hotel HoldCo Ltd	11373198
Oxford Thames Ltd	02944262	Oxford Thames HoldCo Ltd	11372776
		Grand Principal Birmingham Holdco Ltd	11386457

3.2.8 Segment reporting

3.2.8.1 Accounting principles as regards operating segments – IFRS 8

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

As a result, the operating segments are as follows:

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

Non-material businesses (retail and corporate) have been consolidated in the hotel segment.

To facilitate understanding, the data at 31 December 2018 in the tables also include this presentation.

These segments are reported on separately and analysed regularly by Covivio Hotels management in order to make decisions on the resources to allocate to the segment and to assess their performance.

The financial data presented for the segment-based information follows the same accounting rules as for the consolidated financial statements.

3.2.8.2 Tangible and intangible fixed assets

31/12/2019 (€K)	Hotels		Hotel Operating properties		
	France	Rest of world	France	Rest of world	Total
Goodwill	0	0	63,136	79,219	142,355
Intangible fixed assets	0	0	118	44	162
Operating properties	5	0	187,702	834,863	1,022,570
Other fixed assets	29	62	11,217	12,649	23,957
Fixed assets in progress	0	39	1,643	1,384	3,066
TOTAL	**34**	**101**	**263,816**	**928,159**	**1,192,110**

31/12/2018 (€K)	Hotels		Hotel Operating properties		
	France	Rest of world	France	Rest of world	Total
Goodwill	0	0	28,136	81,802	109,938
Intangible fixed assets	0	0	35,069	1,437	36,506
Operating properties	0	0	140,646	871,302	1,011,948
Other fixed assets	0	66	11,514	11,995	23,575
Fixed assets in progress	0	0	1,805	2,905	4,710
TOTAL	**0**	**66**	**217,170**	**969,441**	**1,186,677**

The Dresden hotel disposal was offset by the acquisition of the Hilton hotel in Dublin, giving a stable portfolio of Hotel Operating properties.

3.2.8.3 Investment properties/Assets held for sale

31/12/2019 (€K)	Hotels		Hotel Operating properties		
	Offices	Rest of world	Offices	Rest of world	Total
Investment properties	1,933,042	2,988,852	0	0	4,921,894
Assets held for sale	18,676	113,962	0	0	132,638
Properties under development	9,930	0	0	0	9,930
TOTAL	**1,961,648**	**3,102,814**	**0**	**0**	**5,064,462**

31/12/2018 (€K)	Hotels		Hotel Operating properties		
	Offices	Rest of world	Offices	Rest of world	Total
Operating investment properties	1,845,305	2,687,471	0	0	4,532,776
Assets held for sale	288,072	0	0	0	288,072
Properties under development	73,302	42,031	0	0	115,333
TOTAL	**2,206,679**	**2,729,502**	**0**	**0**	**4,936,181**

The disposal of the B&B portfolio reduced hotel investment properties in France. Hotel investment properties abroad increased, reflecting the acquisition of two hotels in the United Kingdom, one hotel in the Netherlands, three assets in Poland, as well as the increase in appraisal values.

3.2.8.4 Financial liabilities

31/12/2019 (€K)	Hotels	Hotel Operating properties	Total
Long-term interest-bearing loans	1,902,563	631,853	2,534,416
Short-term interest-bearing loans	45,268	3,791	49,059
Long- and short-term rental liabilities	202,640	27,814	230,454
TOTAL LT AND ST LOANS	**2,150,471**	**663,458**	**2,813,929**

31/12/2018 (€K)	Hotels	Hotel Operating properties	Total
Long-term interest-bearing loans	2,079,852	489,399	2,569,251
Short-term interest-bearing loans	47,288	208,786	256,074
Long- and short-term rental liabilities	163,657	0	163,657
TOTAL LT AND ST LOANS	**2,290,798**	**698,185**	**2,988,983**

Further to the application of IFRS 16 at 1 January 2019, and as with the application of IAS 40 concerning the Group's long-term leases conferring ad rem rights, total rental liabilities amounted to €230.5 million at December 31, 2019.

3.2.8.5 Income statement by operating segments

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

31/12/2019 (€K)	Hotels	Hotel Operating properties	Intercos Inter-sector	31/12/2019
Rental income	245,418	0	0	245,418
Unrecovered rental costs	- 2,411	- 14	4	- 2,421
Expenses on properties	- 2,678	- 30	0	- 2,708
Net losses on unrecoverable receivables	0	30	0	30
Net Rental Income	**240,330**	**- 14**	**4**	**240,320**
Revenues of hotels under management	0	232,313	0	232,313
Operating expenses of hotels under management	0	- 162,435	0	- 162,435
Managed hotel EBITDA	**0**	**69,878**	**0**	**69,878**
Management and administration income	14,353	911	- 12,281	2,983
Business expenses	- 3,657	- 2,254	4,491	- 1,420
Overheads	- 20,442	- 2,256	226	- 22,472
Development expenses	- 624	0	0	- 624
Net cost of operations	**- 10,371**	**- 3,599**	**- 7,564**	**- 21,534**
Depreciation of operating assets	- 73	- 42,212	0	- 42,285
Net change in provisions and other	9,528	1,109	- 2	10,635
Operating income	**239,414**	**25,162**	**- 7,562**	**257,014**
Income from asset disposals	384,909	61,130	7,562	453,601
Carrying value of investment properties sold	- 379,793	- 46,782	0	- 426,575
Income from asset disposals	**5,116**	**14,348**	**7,562**	**27,026**
Income from value adjustments	**244,988**	**0**	**0**	**244,988**
Income from disposal of securities	**- 50**	**4,151**	**0**	**4,101**
Income from changes in scope	**- 13,638**	**- 1,317**	**0**	**- 14,955**
Operating income (loss)	**475,830**	**42,344**	**0**	**518,174**
Cost of net financial debt	- 48,259	- 15,348	0	- 63,607
Interest charges on rental liabilities	- 11,482	- 1,404	0	- 12,886
Value adjustment on derivatives	- 50,315	- 1,097	0	- 51,412
Discounting of liabilities and receivables	34	0	0	34
Exceptional depreciation of loan issue costs	- 1,556	- 2,056	0	- 3,612
Share in income of equity affiliates	20,359	0	0	20,359
Net income before tax	**384,610**	**22,439**	**0**	**407,049**
Deferred tax liabilities	- 11,607	9,389	0	- 2,219
Recurrent Tax	- 4,750	- 8,058	0	- 12,808
NET INCOME FOR THE PERIOD	**368,252**	**23,770**	**0**	**392,022**

Net income for the Hotel Operating properties scope is less than the sum detailed in 3.2.8.6 primarily due to the fact that rental income (+€0.7 million) and the change in fair value (+€1.9 million) for the Nice Mercure hotel lease (investment property) were reclassed in the hotel segment.

31/12/2018 (€K)	Hotels	Hotel Operating properties	Intercos Inter-sector	31/12/2018
Rental income	229,921	0	0	229,921
Unrecovered rental costs	- 2,427	- 6	4	- 2,429
Expenses on properties	- 2,571	- 9	0	- 2,580
Net losses on unrecoverable receivables	- 1	- 41	0	- 42
Net Rental Income	**224,922**	**- 56**	**4**	**224,870**
Revenues of hotels under management	0	253,503	0	253,503
Operating expenses of hotels under management	0	- 179,035	0	- 179,035
Managed hotel EBITDA	**0**	**74,468**	**0**	**74,468**
Management and administration income	7,237	705	- 5,746	2,196
Business expenses	- 4,838	- 2,216	5,515	- 1,539
Overheads	- 18,353	- 2,258	230	- 20,381
Development expenses	- 92	0	0	- 92
Net cost of operations	**- 16,046**	**- 3,769**	**- 1**	**- 19,816**
Depreciation of operating assets	- 20	- 44,316	0	- 44,336
Net change in provisions and other	3,653	2,417	- 3	6,067
Operating income	**212,509**	**28,744**	**0**	**241,253**
Income from asset disposals	286,127	8	0	286,135
Carrying value of investment properties sold	- 284,586	- 143	0	- 284,729
Income from asset disposals	**1,541**	**- 135**	**0**	**1,406**
Income from value adjustments	**98,164**	**1,704**	**0**	**99,868**
Income from disposal of securities	**118,410**	**1,295**	**0**	**119,705**
Income from changes in scope	**- 149,187**	**0**	**0**	**- 149,187**
Operating income (loss)	**281,436**	**31,608**	**0**	**313,044**
Cost of net financial debt	- 34,858	- 20,437	0	- 55,295*
Interest charges on rental liabilities	- 4,594	0	0	- 4,594
Value adjustment on derivatives	- 10,967	- 1,813	0	- 12,780
Discounting of liabilities and receivables	448	- 950	0	- 502
Exceptional depreciation of loan issue costs	- 2,377	- 2,330	0	- 4,707*
Share in income of equity affiliates	8,668	0	0	8,668
Net income before tax	**237,757**	**6,078**	**0**	**243,835**
Deferred tax liabilities	- 8,856	1,625	0	- 7,231
Recurrent Tax	- 4,985	- 4,439	0	- 9,424
NET INCOME FOR THE PERIOD	**223,916**	**3,264**	**0**	**227,180**

* The cost of net financial debt now includes the regular amortisation of loan issue expenses. €5.2 million was reclassified under "Exceptional depreciation of loan issue costs" for the 2018 fiscal year, so that only exceptional depreciation appears on this line.

3.2.8.6 Hotel Operating properties income statement

Hotel Operating properties posted €80.1 million in gross operating income at 31 December 2019 versus €89.4 million at 31 December 2018, generating 34.5% of revenues.

The €20.5 million decrease in revenue is attributable to the disposal of the Louvre Hotel portfolio in Germany at the end of 2018, the disposal of two companies in Belgium at the end of 2018 and the two companies holding the Westin Dresden in the first half of 2019, as well as the work carried out on Le Méridien in Nice (partial closure).

EBITDA was down by 5.4% year-on-year (down €4.5 million), due primarily to disposals.

Hotel business income statement (Hotel Operating properties) – USALI presentation.

Consolidated data (€K)	31/12/2019	31/12/2018	var. (in €K)
Revenues	**232,252**	**253,489**	**- 21,237**
Cost of sales	- 40,452	- 44,463	4,011
Personnel costs	- 74,901	- 80,152	5,251
A & G (Administration & General)	- 11,149	- 12,480	1,331
S & M (Sales & Marketing)	- 10,901	- 11,641	740
Other operating expenses	- 14,748	- 15,318	570
Gross operating profit (GOP)	**80,101**	**89,435**	**- 9,334**
Management fees	- 3,090	- 3,184	94
Property taxes and others	- 4,895	- 4,760	- 135
Insurance	- 1,313	- 1,510	197
Consultancy fees	- 4,556	- 5,290	734
EBITDAR	**66,247**	**74,691**	**- 8,444**
Lettings on operating portfolio	- 50	- 3,997	3,947
EBITDA	**66,197**	**70,694**	**- 4,497**
Depreciation and provisions	- 42,235	- 44,369	2,134
Current net operating income	**23,962**	**26,325**	**- 2,363**
Net non-recurring income	20,965	5,269	15,696
Current operating income	**44,927**	**31,594**	**13,333**
Cost of net financial debt	- 15,414	- 20,574	5,160
Interest charges on rental liabilities	- 1,404	0	- 1,404
Changes in the fair value of financial instruments	- 1,097	- 1,813	716
Other financial income and expenses	- 1,990	- 3,212	1,222
Pre-tax income (loss)	**25,022**	**5,995**	**19,027**
Corporate income tax	1,331	- 2,814	4,144
Consolidated net income	**26,353**	**3,181**	**23,172**
Non-controlling interests	- 1,169	- 478	- 691
NET INCOME GROUP SHARE	**25,184**	**2,703**	**22,481**

Consolidated net income of the Hotel Operating properties scope is slightly less than that in the consolidated financial statements of the Covivio Hotels group due to the presence of intercompany transactions that are not eliminated in the consolidation sub-group of the Operating properties activity.

The EBITDA above is less than that presented in the line "Managed hotel EBITDA" in the statement of net income since, by segment, it includes overheads that are reported in a separate line of the income statement.

Moreover, the income statement for Hotel Operating properties includes a pure real estate company business, for which the +€1.9 million change in fair value and the +€0.7 million increase in revenues are presented in the hotel segment (see 3.2.8.5).

3.2.9 Subsequent events

Covivio Hotels signed an agreement for the acquisition of a portfolio of eight hotels, the majority of which are five-star properties located in the centre of major cities in Europe: Rome, Florence, Venice (x2), Budapest (x2), Prague and Nice.

The deal (Roco project) will be completed for a total of €573 million. A €27 million deposit was paid on 16 December 2019.

The hotels will be operated by NH Hotel Group, which has signed a long-term variable payment lease with a guaranteed minimum. The initial term of the agreement is 16 years, which may be extended to 30 years at the request of the NH Hotel Group.

3.3 Statutory Auditors' report on the consolidated financial statements

Year ended 31 December 2019

To the General Meeting of Covivio Hotels,

Opinion

In compliance with the engagement entrusted to us by the General Meeting, we audited the accompanying consolidated financial statements of Covivio Hotels for the fiscal year ended 31 December 2019.

In our opinion, the consolidated financial statements give a true and fair view of the results of operations for the past fiscal year as well as the financial position and of the assets, for the year then ended, of the group comprising the persons and entities included in the scope of consolidation, in accordance with International Financial Reporting Standards as adopted by the European Union.

The opinion set out below reflects the content of our report to the Audit Committee.

Basis of Opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe the information we have collected to be sufficient and appropriate to form an opinion.

Our responsibilities under these standards are further described in the "Statutory Auditors' responsibilities for the audit of the consolidated financial statements" section of this report.

Independence

We conducted our audit engagement in accordance with the independence rules applicable to us, for the period from 1 January 2019 to the date of this report, and in particular we did not provide any prohibited services referred to in Article 5 (1) of EU Regulation 537/2014 or in the French Code of Ethics for Statutory Auditors.

Observation

Without qualifying our opinion, we draw your attention to note 3.2.1.2 "First-time application of IFRS 16" to the consolidated financial statements which describes the change in accounting policy resulting from the first-time application of the new standard IFRS 16 "Leases".

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatements that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the fiscal year, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of these consolidated financial statements.

Valuation of investment properties

Risk identified	How the matter was addressed
Given the business of the Covivio Hotels group, the fair value of investment properties represents 72% of the consolidated assets at 31 December 2019, namely €4.932 million (including €4.729 million excluding right-of-use assets on long-term leases conferring ad rem rights). Under the option offered by IAS 40, investment properties are recognised at their fair value. Changes in fair value are recorded in the income statement. Investment property is not amortised. Note 3.2.5.1.1 to the consolidated financial statements states that investment properties are subject to appraisals by independent real estate appraisers. Property valuation is a complex matter requiring the exercise of significant judgement by the Group's professional real estate appraisers based on the data communicated by the Group's management. We considered investment property appraisal to be a key audit matter due to the amounts involved, and the number of significant judgments that went into determining the main assumptions used to appraise investment properties.	We reviewed the process used by the Group to appraise investment properties. Our work also involved: • assessing the competence and independence of the real estate appraisers by examining the application of the rotation rules and the forms of remuneration offered by your group; • obtaining an understanding of your group's written instructions to its professional real estate appraisers describing the nature of the services required and the scope and limitations of the applicable procedures with particular regard to the verification of the information provided by your group; • checking, using sampling techniques, the pertinence of the information provided by the Finance department to the real estate appraisers to determine the fair value of investment properties, including tenancy schedules, accounting data and the budget for investment expenditure; • evaluating the valuation assumptions used by the real estate appraisers, in particular discount rates, yield rates, rental data and market rental values, by comparing them against available market data; • interviewing certain professional real estate appraisers in the presence of the entities' Finance departments and assessing, by the inclusion of valuation specialists within our audit teams, the consistency and relevancy of the valuation approach applied and of the main associated instances of the exercise of professional judgement; • reconciling the real estate appraisal values with the values used in the financial statements.

Measuring the tangible fixed assets and goodwill relating to the "Hotel Operating properties" segment

Risk identified	How the matter was addressed
At 31 December 2019, tangible fixed assets and goodwill represented a value of €1.192 million (including €1.164 million before the impact of IFRS 16 on construction leases), out of a total balance sheet of €6.813 billion. Tangible fixed assets comprise managed hotel real estate in the "Operating Properties" segment (occupied managed by group teams – *own occupied buildings*). Note 3.2.5.1.1 to the consolidated financial statements specifies that these fixed assets are carried at historical cost less accumulated depreciation and any potential impairment. Goodwill is accounted for as an asset for the surplus of the acquisition cost on the portion of the buyer's interest in the fair value of the assets and liabilities acquired, net of any deferred taxes. Tangible fixed assets and related goodwill undergo impairment testing at least once a year, in which the net book value is compared with the valuation of hotel real estate in the "Operating Properties" segment as provided by real estate appraisers. Given the weight of the Company's tangible fixed assets and related goodwill in the "Operating Properties" segment and the extensive exercise of judgement required in determining the assumptions used in their valuation, we considered their valuation as a key audit matter.	We obtained an understanding of the process of valuation used by the Group for the tangible fixed assets and goodwill. Our procedures also involved: • assessing the competence and independence of the real estate appraisers by examining the application of the rotation rules and the forms of remuneration offered by your group; • obtaining an understanding of your group's written instructions to its professional real estate appraisers describing the nature of the services required and the scope and limitations of the applicable procedures with particular regard to the verification of the information provided by your group; • checking, using sampling techniques, the pertinence of the information provided by the Finance department to the real estate appraisers to determine the fair value of hotel real estate in the "Operating Properties" segment, such as the most recent performance and the budget for the hotel real estate; • evaluating the valuation assumptions used by the real estate appraisers, in particular discounting and capitalisation rates by comparing them against available market data; • interviewing certain professional real estate appraisers in the presence of the entities' Finance departments and assessing, by the inclusion of valuation specialists within our audit teams, the consistency and relevancy of the valuation approach applied and of the main associated instances of the exercise of professional judgement; • verifying, on a sample basis, that impairment allowances are recognised when appraisal values excluding charges are lower than the net carrying amounts of the tangible fixed assets plus the net carrying amounts of the goodwill; • recalculating, on a sample basis, the allocations to and reversal of impairment allowances calculated in the Company's consolidated financial statements.

Specific verification

In accordance with the professional standards applicable in France, we have also carried out the specific verifications required by law of the information relating to the group in the management report.

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

Information on other legal and regulatory obligations

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Covivio Hotels by your General Meeting of 30 November 2004 for MAZARS and of 11 April 2013 for ERNST &YOUNG et Autres.

As at 31 December 2019, MAZARS was in the sixteenth straight year of its engagement and ERNST & YOUNG et Autres in the seventh year.

Prior to this, the firm Groupe PIA, which later became Conseil AUDITEX & Synthèse (acquired by ERNST & YOUNG AUDITEX in 2010), was Statutory Auditor from 2007 to 2012.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for evaluating the company's ability to continue as a going concern, disclosing, as applicable, matters relating to the going concern and using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations.

The Audit Committee is responsible for overseeing the process for preparing financial information and monitoring the effectiveness of the risk management and internal control systems, as well as, where applicable, the internal audit system, regarding the procedures relating to the preparation and processing of accounting and financial information.

The consolidated financial statements were approved by the Management Board.

Statutory Auditors' responsibilities relating to the audit of the consolidated financial statements

Objectives and audit process

We are tasked with preparing a report on the consolidated financial statements. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements taken as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement where one exists. Misstatements can arise from fraud or error and are considered material if, individually or aggregated, they could reasonably be expected to influence the economic decisions of users as taken on the basis of these consolidated financial statements.

As indicated in article L. 823-10-1 of the French Commercial Code, in auditing the financial statements we are not asked to guarantee the viability or quality of the company's management.

In the course of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises its professional judgement throughout the audit. We also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in accordance with those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the circumvention of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may call into question the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion;
- evaluate the overall presentation of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the scope of consolidation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements as well as for the opinion on said financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee that in particular covers the scope of the audit work and the schedule of work undertaken, along with our findings. We also inform it, as applicable, of any material weaknesses we identified in the internal control system regarding the procedures relating to the preparation and processing of accounting and financial information.

The elements communicated in the report to the Audit Committee include the risks of material misstatement which, in our professional view, have presented the greatest significance for the audit of the accompanying consolidated financial statements and which as such constitute the key audit matters we are required to describe in this report.

We also provide the Audit Committee with the confirmation in writing provided for in article 6 of EU Regulation 537-2014 regarding our independence, as per the applicable rules in France found in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where necessary, we discuss with the Audit Committee the threats to our independence and the safeguards applied to mitigate those threats.

3

Courbevoie and Paris-La Défense, 18 February 2020

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Claire Gueydan	Anne Herbein

3.4 Company financial statements as at 31 December 2019

3.4.1 Balance sheet

Assets

(€K)	Note 3.5	31/12/2019 Gross	Amortisation & Provisions	31/12/2019 Net	31/12/2018 Net
Intangible fixed assets		**0**	**0**	**0**	**0**
Tangible fixed assets:	3.1.1	662,451	217,854	444,597	459,115
Land		166,368	2,177	164,191	146,764
Buildings		489,105	215,670	273,435	255,347
Other tangible fixed assets		22	7	15	2
Tangible fixed assets in progress		6,956	0	6,956	57,002
Advances and pre-payments		0	0	0	0
Financial Assets		**3,710,828**	**44,775**	**3,666,053**	**3,018,624**
Investments in subsidiaries and affiliates	3.1.2	2,012,555	44,775	1,967,780	1,426,352
Other securities	3.1.4	86	0	86	119
Receivables linked to investments & Loans	3.1.3	1,698,177	0	1,698,177	1,592,144
Deposits and guarantees		10	0	10	9
Total I – Fixed assets	**3.1**	**4,373,279**	**262,629**	**4,110,650**	**3,477,739**
Inventories and work-in-progress		**0**	**0**	**0**	**0**
Advances and pre-payments on orders		**0**	**0**	**0**	**0**
Operating receivables	**3.2.1**	**39,827**	**0**	**39,827**	**37,645**
Trade receivables and related accounts		4,625	0	4,625	8,188
Current accounts		30,689	0	30,689	24,760
Other receivables		4,513	0	4,513	4,697
Marketable securities		**0**	**0**	**0**	**0**
Cash and near cash		**21,919**	**0**	**21,919**	**260,262**
Prepaid expenses	**3.2.2**	**21,569**	**0**	**21,569**	**25,290**
Treasury instruments	**3.2.3**	**159**	**0**	**159**	**527**
Total II – Current assets	**3.2**	**83,474**	**0**	**83,474**	**323,724**
Deferred expenses (III)	3.2.2	14,302	0	14,302	16,719
Bond redemption premiums (IV)	3.2.2	1,227	0	1,227	1,441
Unrealised foreign exchange losses (V)	3.2.2	18,843	0	18,843	5,120
GRAND TOTAL (I + II + III + IV + V)		**4,491,125**	**262,629**	**4,228,496**	**3,824,743**

Liabilities

(€K)	Note 3.5	31/12/2019	31/12/2018
Shareholders' equity:		**1,856,098**	**1,802,150**
Capital [of which €484,147 thousand paid]		484,147	472,232
Issue premium, merger premium and additional paid-in capital		1,371,951	1,329,918
Reserves and retained earnings		**85,176**	**49,267**
Legal reserve		47,228	35,126
Retained earnings		37,948	14,141
Net income for the fiscal year		184,275	218,202
Regulated provisions		4,390	3,786
Total I – shareholders' equity	**3.3**	**2,129,939**	**2,073,405**
Other equity		**0**	**0**
Total I b – Equity		**0**	**0**
Provisions for contingencies		7,435	597
Provisions for losses		168	398
Total II – Provisions for risks and charges	**3.4**	**7,603**	**995**
Debt			
Financial payables		**2,072,192**	**1,712,446**
Other bonds	3.5.1	741,586	741,627
Borrowings and debt from credit institutions*	3.5.2	1,147,215	851,063
Other sundry loans and borrowings	3.5.3	183,391	119,756
Advances and pre-payments received		**0**	**0**
Operating payables		**4,549**	**2,525**
Trade payables and related accounts		2,697	1,166
Tax and social security liabilities	3.5.4	1,852	1,359
Other operating payables		0	0
Sundry liabilities:		**1,688**	**29,714**
Debt on fixed assets and related accounts	3.5.5	875	29,452
Other liabilities	3.5.6	813	262
Pre-booked income		**0**	**0**
Treasury instruments	**3.5.7**	**324**	**416**
Total III – Current liabilities	**3.5**	**2,078,753**	**1,745,101**
Unrealised foreign exchange gains (IV)	3.5.10	12,201	5,242
GRAND TOTAL (I + I BIS + II + III + IV)		**4,228,496**	**3,824,743**
* Of which current bank borrowings and bank overdraft		18,558	0

3.4.2 Income statement

(€K)	Note 3.5	31/12/2019	31/12/2018	Change (in %)
Sales [Rental income]		76,038	75,833	
Net revenues	**4.1.1**	**76,038**	**75,833**	
Reversals of provisions, impairments and transferred expenses	4.1.2	1,059	8,437	
Other income		51	0	
Total I – Operating income		**77,148**	**84,270**	**- 8.45%**
Other purchases and external expenses		13,914	19,512	
Taxes and related payments		5,947	6,750	
Salaries and benefits		4,557	3,951	
Social charges		1,178	1,162	
Depreciation, amortisation and provisions				
On fixed assets: depreciation and amortisation charges		18,338	23,383	
On fixed assets: impairment charges		1,789	833	
On current assets: impairment charges		0	0	
Provisions for financial risks and charges		250	314	
Other expenses		117	55	
Total II – Operating expenses	**4.1.3**	**46,090**	**55,960**	**- 17.64%**
1. Operating income (I - II)	**4.1**	**31,058**	**28,309**	**9.71%**
Share of income from joint operations				
Profits or loss transferred (III)		**0**	**0**	
Losses or profits transferred (IV)		**0**	**0**	
Financial income:				
From investments (dividends)	4.2.1	204,907	73,929	
From other marketable securities and fixed asset receivables		46,576	45,341	
Other interest and similar income	4.2.2	13,973	50,220	
Reversals of provisions, impairment and transferred expenses	4.2.3	219	59	
Positive exchange differences	4.2.4	1,717	598	
Net income from disposal of marketable securities		0	0	
Total V – Financial income		**267,392**	**170,147**	**57.15%**
Financial expenses:				
Depreciation, amortisation and provisions		51,799	111	
Interest and similar expenses		69,138	49,715	
Negative exchange differences	4.2.4	1,512	4,736	
Net expenses from disposal of marketable securities		0	0	
Total VI – Financial expenses		**122,449**	**54,562**	**124.42%**
2. Net financial income (V - VI)	**4.2**	**144,943**	**115,585**	**25.40%**
3. Net income from ordinary operations before tax (I - II + III - IV + V - VI)		**176,001**	**143,895**	**22.31%**
Non-recurring income:				
On management transactions		300	21	
On capital transactions		18,225	328,584	
Reversals of provisions, impairment and transferred expenses		168	320	
Total VII – Non-recurring income	**4.3**	**18,693**	**328,925**	**- 94.32%**
Non-recurring expenses:				
On management transactions		910	44	
On capital transactions		8,690	254,336	
Impairment, amortisation and provisions		773	238	
Total VIII – Non-recurring expenses	**4.3**	**10,373**	**254,618**	**- 95.93%**
4. Net non-recurring income (VII - VIII)	**4.3**	**8,320**	**74,307**	**- 88.80%**
Employee profit-sharing (IX)		46	0	
Corporate income tax (X)	4.4	0	0	
Total income (I + III + V + VII)		**363,233**	**583,342**	**- 37.73%**
Total expenses (II + IV + VI + VIII + IX + X)		**178,958**	**365,140**	**- 50.99%**
NET INCOME (+) OR LOSS (-)		**184,275**	**218,202**	**- 15.55%**

3.5 Notes to the company financial statements

3.5.1 Significant events during the fiscal year

3.5.1.1 Acquisitions of real estate assets, works and developments

Work carried out in 2019 amounted to €4,591 thousand for the MEININGER Porte de Vincennes Hotel, delivered on 29 October 2019 for a total investment of €43,926 thousand and €4,380 thousand for the Lyon Zimmermann MEININGER Hotel, delivered on 2 October 2019 for a total investment of €18,048 thousand.

3.5.1.2 Disposals of real estate assets

Covivio Hotels disposed of the following assets during the period:

(€K)	Net book value	Disposal price	Capital gains or losses	Market value at 31/12/2018
Hotel (Novotel Lyon Part Dieu)	8,538	18,000	9,462	18,000
TOTAL	**8,538**	**18,000**	**9,462**	**18,000**

3.5.1.3 Acquisitions of equity investments

Equity investments increased substantially by €541,428 thousand, primarily due to:

- the increase in the value of equity investments in Murdelux following a number of capital increases to finance the acquisition of the two remaining assets in the UK portfolio (Oxford), the three hotels in Poland and the Jouron portfolio in Belgium for a total of €57,524 thousand, as well as €345,471 thousand to finance loan restructurings;
- the acquisition of stakes in Oteli (31.15%) and Kombon (33.33%) for a total of €99,889 thousand. Portfolio consisting of 30 hotels located in France;
- the increase in equity investments in Constance following a number of capital increases for €65,520 thousand to finance restructuring of loans and for €7,815 thousand to finance the acquisition of the Hilton Kilmainham in Dublin;
- the acquisition of a stake in Ruhl Côte d'Azur (Mercure and Meridien Nice) for €29,584 thousand;
- the increase in equity investments in the OPCI FDT following the contribution of Caisse des Dépôts et Consignations (CDC) for €15,202 thousand.

3.5.1.4 Capital increase

On 27 March 2019, Caisse des Dépôts et Consignations (CDC) contributed 49.9% of the securities in OPCI FDT in the amount of €15,202 thousand to Covivio Hotels. In return, 613,244 Covivio Hotels shares were created with a par value of €4 each and additional paid-in capital of €20.79.

On 5 April 2019, Covivio contributed 100% of the securities in Ruhl Côte d'Azur for €29,584 thousand to Covivio Hotels, as well as the claim it held on Ruhl Côte d'Azur for €10,500 thousand. In return, 2,365,503 Covivio Hotels shares were created with a par value of €4 and additional paid-in capital of €12.95.

3.5.1.5 Debt refinancing

Covivio Hotels renegotiated €180 thousand in long-term mortgage debt backed by hotels in Spain and France.

3.5.1.6 Hedge restructuring

During the period, Covivio Hotels cancelled and restructured its hedging instruments to tailor its hedging profile to 2019 disposals and refinancing transactions, in return for an equalisation payment of €5,296 thousand, which was spread in full over the term.

At 31 December 2018, Covivio Hotels was no longer in a position of over-hedging. The over-hedging that existed at opening was reduced to €2,800 thousand net (change in the valuation in the period, amortisation in the period and equalisation payment). Provisions for risks and financial charges had therefore been adjusted to €219 thousand at 31 December 2018.

At December 31, 2019, some derivative instruments, considered as isolated open positions (IOP) until December 31, 2018, were reused for hedging purposes, and the fair value of these instruments was therefore amortised in profit or loss for the remaining life of the derivative. The provision for risks was reversed for €219 thousand.

3.5.1.7 Restructuring in 2019

Movements on equity investments are mainly explained by the following internal restructuring operations:

Transfer of all assets and liabilities (TUP) without retroactive fiscal effect

Subsidiary concerned	Date of the transaction	Company purpose
SPPICAV Foncière Développement Tourisme (FDT)	28/06/2019	Investment in real estate intended for rent

3.5.1.8 Tax audit

Due to the complexity and formalism that characterise the tax environment in which Covivio Hotels conducts its activities, the group is exposed to tax risks.

Covivio Hotels was subject to two accounting audits for fiscal years 2010/2011 and 2012/2013/2014, resulting in a reassessment proposal for the CVAE in the amount of €2,438 thousand and €2,205 thousand respectively. These reassessments were partially withdrawn by the tax administration in the first quarter of 2018 and refunds of €1,219 thousand and €1,102 thousand were obtained. The remaining balances of the reassessment of €1,219 thousand and €1,103 thousand are being contested before the Administrative Court following the court's two rulings against the company. Based on the analysis by the company's legal counsel, these disputes were not provisioned as at 31 December 2019.

Covivio Hotels was also the subject of an accounting audit for the 2015 fiscal year, resulting in a reassessment proposal for the CVAE, on the same basis as the previous reassessments, in the amount of €239 thousand. This reassessment was disputed in the Administrative Court. Based on the analysis by the company's legal counsel, no provision was recorded for this dispute as at 31 December 2019.

3.5.2 Accounting policies and methods

Covivio Hotels is the parent company of the Covivio Hotels Group, and draws up its consolidated financial statements according to IFRS. Its registered office is at 30, avenue Kleber – 75208 Paris Cedex 16. It is registered in the Paris Trade and Companies Register under number 955 515 895. The consolidated financial statements are available from this address.

Covivio Hotels is fully consolidated by the company Covivio, located at 18, avenue François Mitterrand – CS 10449 – 57017 METZ Cedex 01. Covivio is registered in the Metz Trade and Companies Register under number 364 800 060. The consolidated financial statements are available from this address.

The balance sheet and income statement are drawn up in accordance with French legislation and generally accepted accounting principles in France.

The notes are prepared in accordance with the French accounting standards authority (ANC) Regulation No. 2014-03 published by the Decree of 8 September 2014 and subsequent regulations currently in force.

General accounting conventions were applied, respecting the prudence principle, in accordance with the following basic assumptions:

- going concern;
- consistency of accounting policies from one year to the next;
- independent fiscal years; and
- in accordance with the rules for preparing and presenting annual financial statements pursuant to the French Law of 30 April 1983 and the Implementation Decree of 29 November 1983.

The historical cost method was adopted as the basic method of accounting.

Tangible fixed assets have been recorded under the component method since 1 January 2005.

3.5.2.1 Tangible fixed assets

The initial cost of properties in the portfolio comprises:

- their acquisition cost including costs and duties related to the purchase for properties acquired subsequent to the adoption of the SIIC tax regime;
- their production cost for properties undergoing renovation: work carried out is recognised under assets in progress as and when supplier invoices are received and then transferred to buildings when the end-of-work handover report is received.

Tangible fixed assets are depreciated using the straight-line method and according to their probable useful life.

Methodology used

Hotel real estate

The list of components used is that recommended by the working group of the Fédération des Sociétés Immobilières et Foncières. The components used are as follows:

Breakdown of the buildings	Method	Term
Building structures	L	50 to 80 years
Facades and external joinery	L	30 years
General and technical facilities	L	20 years
Fittings	L	10 years

Courtepaille restaurants

The list of components used is that recommended by the working group of the Fédération des Sociétés Immobilières et Foncières. The components used are as follows:

Breakdown of the buildings	Method	Term
Building structures	L	50 years
Facades and external joinery	L	30 years
General and technical facilities	L	20 years
Exterior improvements	L	10 years
Interior fittings	L	10 years

Jardiland garden centres

The list of components used is that recommended by the working group of the Fédération des Sociétés Immobilières et Foncières. The components used are as follows:

Breakdown of the buildings	Method	Term
Building structures	L	40 years
Facades and external joinery	L	25 years
General and technical facilities	L	15 years
Exterior improvements	L	15 years
Interior fittings	L	10 years

3.5.2.2 Tangible fixed assets acquired under finance leases

When a finance lease option is exercised, the tax cost price of a property is determined by the addition of:

- the acquisition price of the property provided for in the lease;
- the reintegration to take place in the profits of the current fiscal year at the time the option is exercised;
- the acquisition price of the lease less capital cost allowances previously recognised.

When depreciation on a tax basis is higher than on an accounting basis, a capital cost allowance is made corresponding to the buildings and calculated over their useful life. Capital cost allowances recognised prior to the exercise of the option are reversed at fiscal year-end to the extent that the depreciation for impairment in the fiscal year exceeds the annual amount allowed for tax purposes.

When the building is disposed of, capital cost allowances previously used are reversed in the income statement.

3.5.2.3 Impairment of tangible and intangible fixed assets

At each balance sheet date, the company assesses whether there are any indications that an asset has been materially impaired. In such cases, an impairment charge may be recorded in income or reversed, as appropriate.

The amount of any significant impairment is determined on an asset-by-asset basis in line with a comparison between the market value (excluding charges), calculated on the basis of independent appraisals, and the net book value.

There is objective indication of impairment when the appraisal value is at least €150 thousand less than the net book value. Even if this difference is less than €150 thousand, an impairment loss will be recognized when the appraisal value has been less than the net book value for more than two consecutive years.

When a provision is made, it is monitored and recognised without any threshold conditions.

Such impairments, which recognise the non-definitive and non-irreversible reduction in the value of certain portfolio assets in relation to their book value, are recognised in assets under "Depreciation and impairments".

The impairment is charged to each component on a pro rata basis.

The recording of an impairment results in a revision of the depreciable base and, if applicable, the depreciation schedule for the assets concerned.

3.5.2.4 Financial assets

Financial assets are valued at cost or at their contribution value after deducting any provisions required to restore them to their value in use (if necessary). At year-end, the carrying value of investments is compared to their current value. The lowest of these is retained in the financials. The inventory value of the securities corresponds to their value in use for the Company.

In the case of investments held for the long term, value in use is assessed on the basis of the investee's net assets plus any unrecognised capital gains associated with the investee's non-current assets.

The acquisition costs are incorporated in the cost price of financial assets and amortised over five years in the form of additional amortisation to benefit from tax incentives.

3.5.2.5 Trade receivables and related accounts

Receivables are stated at their par value. A provision for impairment is recorded when the recoverable value is lower than the book value.

A provision for impairment is recorded for each tenant with unpaid receivables, based on the risk incurred. The general criteria for establishing provisions, except in particular cases, are as follows:

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

3.5.2.6 Receivables and debt denominated in foreign currencies

Receivables and debt in foreign currencies are converted and recognised in euros on the basis of the last known exchange rate.

At settlement, the difference between the rate originally used and the rate on the date of settlement constitutes a foreign exchange loss or gain that must be recognised in operating or financial income, depending on the nature of the transaction.

At year-end, receivables and debt are converted at the closing rate. These conversion differences are recorded in transitional accounts, pending subsequent adjustment:

- on the assets side of the balance sheet, when the difference corresponds to an unrealised loss;
- on the liabilities side of the balance sheet, when the difference corresponds to an unrealised gain.

Unrealised losses lead to the establishment of a provision for risk.

For a single transaction, unrealised losses and gains can be considered part of an overall foreign exchange position; the provision is therefore limited to the amount by which losses exceed gains.

Unrealised foreign exchange losses and gains on bank accounts are recognised directly in net financial income at the closing date.

	GBP	EUR
Opening rate	1	1.112582
Closing rate	1	1.169913

3.5.2.7 Capital increase costs

The company applies the preferential method by deducting the capital increase costs from the share premium account. These costs are deducted net of tax (according to whether they correspond to transactions related to a taxable segment or an SIIC).

3.5.2.8 Derivatives

In its hedging policy, the company only uses simple, standard and liquid derivative instruments available on the markets, namely: swaps, cross-currency swaps, caps and option tunnels (purchase of a cap and sale of a floor).

The financial instruments used have the sole purpose of hedging interest and exchange rate risks. The swaps used guarantee a fixed interest rate and an exchange rate. These instruments are not recorded in the financial statements when concluded but constitute off-balance sheet commitments. However, the difference between the rate paid or received under these agreements is recognised as a financial income or expense for the fiscal year.

Any increase or decrease in the value of these instruments is recognised upon unwinding of the hedge, i.e. in the event of early termination of the hedge commitments or repayment of the liabilities hedged.

The financial instruments used by Covivio Hotels are designed to hedge the Group's floating-rate debt. The option retained is to legally hold the financial instruments in Covivio Hotels and to rebill the rate hedge's beneficiary entities for the related income and expenses.

The principal retained is to allocate to the subsidiaries hedging instruments with characteristics that match the borrowings to be hedged in the subsidiaries as closely as possible. Any over-hedging is also transferred to the subsidiaries pro rata to the outstanding hedge.

Premiums paid or received on caps and floors are spread over the term of the agreements.

The equalisation payments made to cancel the hedging instruments during their lifetime (without cancelling the hedged portion) are spread over the remaining term of the terminated instruments.

When the hedged item is cancelled and the instrument is in an isolated open position (over-hedging), the equalisation payment made is recognised directly in the income statement.

Regulation No. 2015-05 imposes the principle of symmetry in the income statement between the items hedged and the hedging instruments. The equalisation payment made to cancel the hedging instruments must accordingly be spread out over the remaining term of the terminated instruments. When a new hedge is placed with receipt of a payment, if it is traded off-market, the apportionment must be made over the term of the new instrument. This apportionment effectively recognises the new instrument at its original market value.

3.5.2.9 Provisions for risks and charges

In accordance with Accounting Regulation Committee Regulation No. 2000-06 on liabilities, provisions are defined as liabilities whose term or amount is not fixed precisely, with a liability representing an obligation towards a third party for which it is likely or certain that an outflow of resources for the benefit of this third-party will be required, with no equivalent consideration expected in return.

A risk provision related to investments is established to cover the negative net equity of subsidiaries and when all of the subsidiary's shares and loans have been depreciated.

3.5.2.10 Provisions for risks and charges

An isolated open position (IOP) must be recognised if the company is in a position of over-hedging (whether the over-hedging is risk or an unrealised gain). The IOP is reflected in the financial statements by the recognition of a derivative account and a valuation difference account on cash instruments. When the value of the derivative is a liability, the company must recognise a provision for over-hedging. When the IOP representing a derivative liability ceases to be a liability, the provision is reversed and the market value of the derivative at the date the hedging relationship is established is amortised to profit or loss over its residual term.

3.5.2.11 Borrowings, financial debt and bonds

Bank financing mainly consists of bank borrowings, two bond issues, a private placement and medium- and long-term credit agreements with varying draw-down periods. Successive draw-downs are recognised in the financial statements at their par value. These agreements include covenant clauses, which *are* reported under off-balance-sheet commitments.

3.5.2.12 Deferred expenses

Deferred expenses correspond to the issue cost of borrowings and are amortised over the loan period.

3.5.2.13 Bond redemption premium

These are amortised over the life of the bond.

3.5.2.14 Revenues

As a general rule, invoicing is quarterly in advance or in arrears.

Revenues for the period comprise rental income received during the period.

For hotel real estate managed by the Accor group, such receipts are calculated as a percentage of revenue in the previous fiscal year. Accounting adjustments are carried out at year-end to reflect revenues for the fiscal year.

3.5.2.15 Corporate income tax

Covivio Hotels has been subject to the Sociétés Immobilières d'Investissements Cotées (SIIC) (real estate investment company) tax regime since 1 January 2005. Accordingly, its real estate letting activity and its income from the disposal of assets are exempt from corporate income tax. Any other activities, however, remain subject to income tax.

The SIIC regime allows the exemption of:

- income from the leasing of assets;
- capital gains from the sale of assets to non-related companies;
- dividends from subsidiaries are either subject to corporate income tax and opting for the SIIC regime or not subject to corporate income tax.

In return, the Company is subject to the following obligations concerning dividends:

- 95% of the taxable income from the leasing of assets must be distributed before the end of the year after the one in which said income was generated;
- 70% of the capital gains from disposals of assets and shares in subsidiaries having opted for the tax treatment must be distributed before the end of the second fiscal year following the one in which they were realised;
- 100% of the dividends from subsidiaries that have opted for the tax treatment must be distributed during the year after the year they are received.

The total distribution obligation is calculated by applying the appropriate distribution coefficient to each income category, limited to the taxable income from the entire exempt sector.

3.5.3 Explanation of balance sheet items

3.5.3.1 Non-current assets

Adjustment to gross values

(€K)	Note 3.5	Gross amount at 31/12/2018	Increases: Acquisition and works	Increases: Universal transfer	Increases: Transfers	Decreases: Disposals and other subtractions	Decreases: Universal transfer	Decreases: Transfers	Gross amount at 31/12/2019
Intangible fixed assets		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Tangible fixed assets		**664,619**	**11,034**	**0**	**61,080**	**13,202**	**0**	**61,080**	**662,451**
• Land	3.1.1	147,811	0	0	21,444	2,887	0	0	166,368
• Buildings	3.1.1	459,798	0	0	39,622	10,315	0	0	489,105
• Other tangible fixed assets		8	0	0	14	0	0	0	22
• Fixed assets in progress	3.1.1	57,002	11,034	0	0	0	0	61,080	6,956
Financial Assets		**3,018,624**	**1,357,416**	**29,548**	**0**	**666,111**	**28,649**	**0**	**3,710,828**
• Equity investments	3.1.2	1,426,352	621,206	13,766	0	20,120	28,649	0	2,012,555
• Loans	3.1.3	1,592,144	735,628	15,782	0	645,377	0	0	1,698,177
• Long-term securities	3.1.4	119	581	0	0	614	0	0	86
• Other non-current financial assets		9	1	0	0	0	0	0	10
TOTAL FIXED ASSETS		**3,683,243**	**1,368,450**	**29,548**	**61,080**	**679,313**	**28,649**	**61,080**	**4,373,279**

3.5.3.1.1 Tangible fixed assets

The change in tangible fixed assets is mainly due to:

- work carried out in the following amounts:
  - €4,591 thousand: work on the MEININGER Porte de Vincennes Hotel,
  - €4,380 thousand: work on the MEININGER Lyon Zimmermann off-plan building,
  - €2,063 thousand: work on Accor assets;
- commissioning in the following amounts:
  - €43,058 thousand: delivery of the MEININGER Porte de Vincennes hotel on 29 October 2019,
  - €17,169 thousand: delivery of the MEININGER Lyon Zimmermann hotel on 2 October 2019,
  - €745 thousand: work on Accor assets,
  - €108 thousand: work on Jardiland;
- removals from fixed assets in the following amounts:
  - €12,609 thousand: disposal of Novotel Lyon Part Dieu,
  - €593 thousand: scrapping following replacement of certain components.

3.5.3.1.2 Change in equity investments

The positive change in equity investments is mainly due to capital increases without the issuance of new Murdelux shares for €402,995 thousand, following the recapitalization of its subsidiary in Portugal, the acquisition of assets located in the United Kingdom and Poland, the acquisition of a portfolio in Belgium and loan restructuring:

Company	Value of securities (in €K)
AMOUNT AT 31/12/2018	**1,426,352**
Acquisition of securities and other assets	
Murdelux	402,995
Constance	73,335
Oteli	67,890
Kombon	31,999
Ruhl Côte d'Azur	29,584
Foncière Développement Tourisme (FDT)	15,202
FDM M Lux	201
Total increase of securities following acquisition	**621,206**
Securities recovered following the transfer of all assets and liabilities (TUP)	
Samoens	13,766
Total increase of securities recovered following the transfer of all assets and liabilities (TUP)	**13,766**
Capital reduction	
Foncière Développement Tourisme (FDT)	20,120
Total capital reduction	**20,120**
Elimination of securities of transferred subsidiaries	
Foncière Développement Tourisme (FDT)	28,649
Total reduction following the transfer of all assets and liabilities (TUP)	**28,649**
AMOUNT AT 31/12/2019	**2,012,555**

3.5.3.1.3 Details of loans

The loans consist of:

Type of loan (€K)	
Loans to subsidiaries	1,681,051
Accrued interest on loans	14,648
Accrued interest on *swaps*	2,478
TOTAL	**1,698,177**

The breakdown of loans to subsidiaries is as follows:

(€K)	Outstanding principal due at 31/12/2019	Accrued interest at 31/12/2019	Outstanding principal due at 31/12/2018
Murdelux [(1)]	562,692	25	841,776
FDM M Lux [(2)]	387,986	4,864	2,429
Investment FDM Rocatiera	227,600	4,848	227,600
SNC Foncière Otello	146,781	509	146,781
Constance [(3)] [(8)]	141,550	2,860	101,523
SCI Rosace	37,500	0	37,500
OPCI Oteli [(4)]	33,785	114	0
LHM Holding Lux	28,960	337	28,960
SAS Kombon [(4)]	19,949	67	0
B&B Invest Lux 4	17,580	0	17,580
Samoens [(5)]	15,667	234	0
Bardiomar	8,798	163	8,798
Ruhl Côte d'Azur [(6)]	8,500	0	0
SCI Porte Dorée	7,747	217	7,747

(€K)	Outstanding principal due at 31/12/2019	Accrued interest at 31/12/2019	Outstanding principal due at 31/12/2018
SAS Iris Holding France	6,745	141	6,745
SNC Hotel 37 René Clair	6,700	0	6,700
B&B Invest Espagne [7]	5,962	269	7,594
B&B Invest Lux 1	5,465	0	5,465
B&B Invest Lux 2	4,650	0	4,650
B&B Invest Lux 3	4,370	0	4,370
MO Lux	2,064	0	2,064
Constance Lux 1 [8]	0	0	61,071
OPCI B2 hotel Invest [9]	0	0	37,148
TOTAL	**1,681,051**	**14,648**	**1,556,501**

(1) The change in loans with Murdelux is attributable to:

(€K)	2019	2018	Change	Loans/comments features
UK loans portfolio:	345,498	483,477	-137,979	
Acquisition portfolio in 2018	*483,477*	*488,575*	*-5,098*	*Signed on 18/07/2018 – rate 3% – term 8 years*
Repayment	*-189,179*	*0*	*-189,179*	*Restructuring at 01/01/2019*
Acquisition Oxford in 2019	*34,123*	*0*	*34,123*	*Additional draw-down on 12/02/2019*
Impact of the currency gains and losses	*17,077*	*-5,098*	*22,175*	*Translation at closing rate (i.e. at 31/12/2019: £1=€1,169913 against £1=€1.112582 at 31/12/2018)*
Kempense Meren loans	26,375	0	26,375	Signed on 01/01/2019 – rate 4.39% – term 3.5 years
H Invest lux loans 1	25,500	0	25,500	Signed on 01/01/2019 – rate 4.99% – term 4 years
NH Amsterdam loans	21,590	21,590	0	
Loans for investment in Poland	17,735	0	17,735	Signed on 22/10/2019 and 06/12/2019 – rate 2.6% and 2.71%- term 7 years
H Invest lux loans 2	17,200	0	17,200	Signed on 01/01/2019 – rate 5.11% – term 6 years
Sunparks loans	9,724	0	9,724	Signed on 01/01/2019 – rate 4.93% – term 3 years
New loans LHI2	9,639	0	9,639	Signed on 29/03/2019 – rate 3.61% – term 7 years
B&B lux loans 6	8,800	0	8,800	Signed on 01/01/2019 – rate 5.09% – term 3.5 years
B&B lux loans 5	8,200	0	8,200	Signed on 01/01/2019 – rate 5.09% – term 3.5 years
Mo lux loan 1	6,800	0	6,800	Signed on 01/01/2019 – rate 5.12% – term 3 years
Acquisition Jouron loans	610	0	610	Signed on 01/07/2019 – rate 1.56% – term 30 years
Portmurs loans	24,037	41,537	-17,500	Repayment at 29/01/2019
LHI2 loans (Netherlands options)	23,984	38,128	-14,144	Additional draw-down on 23/01/2019 of €2,660 thousand and repayment of €16,804 thousand on 03/12/2019
Ringer (Hotel Munich) loans	17,000	31,000	-14,000	Repayment at 03/12/2019
Mo Dreilinden and MO Berlin loans	0	13,731	-13,731	Repayment at 01/01/2019 following restructuring
Purchase option loans Germany and Netherlands	0	40,374	-40,374	Repayment at 01/01/2019 following restructuring
Purchase option loans Germany	0	64,347	-64,347	Repayment at 01/01/2019 following restructuring
Loans for portfolio of 22 B&B hotels	0	49,597	-49,597	Repayment at 01/01/2019 following restructuring
New bank financing	0	15,459	-15,459	Repayment at 01/07/2019
Sunpaarks loans	0	42,536	-42,536	Repayment at 01/01/2019 following restructuring
TOTAL	**562,692**	**841,776**	**-279,084**	

(2) A new loan with FDM M Lux signed so that the Propco Rock subsidiaries could repay their Natixis bank loan. The loan to these subsidiaries amounted to €385,558 thousand at 31 December 2019.

(3) Three new loans were signed with Constance: on 15 November 2019, two loans intended to fund the acquisition of the Hilton Kilmainham in Dublin: the first for €42,272 thousand, drawn down in the amount of €41,822 thousand and the second for €3,700 thousand. The third for €14,000 thousand was signed on 30 November 2019. It is intended to fund works at the Méridien Nice hotel and €6,770 thousand has been drawn down.

Constance Lux 1 transferred its €61,071 thousand receivable on 23 July 2019.

Covivio Hotels participated in the three capital increases issued by Constance, a wholly owned subsidiary, financed by debt capitalisation for a total of €73,335 thousand.

(4) Takeover of existing loans following the acquisition of OPCI Oteli (9-year term) and SAS Kombon (unlimited term) on 1 July 2019. The rate applied is the last tax-deductible rate (i.e. 1.34% at 31 December 2019).

(5) Takeover of the existing loan following the transfer of all assets and liabilities (TUP) of the OPCI FDT on 28 June 2019.

(6) Takeover of the loan following Covivio's contribution of 100% of the shares of Ruhl Côte d'Azur for €10,500 thousand and repayment of €2,000 thousand by current account set-off on 16 December 2019.

(7) Repayment by current account set-off on 16 November 2019 for €1,632 thousand.

(8) The €61,071 thousand loan granted to Constance Lux 1, taken over following the merger of FDM Management on 24 January 2018, was transferred to Constance on 23 July 2019.

(9) Total repayment of the loan on 2 May 2019.

Loans to subsidiaries are not covered by a repayment schedule. They are repaid based on each borrower's free cash flow. Nevertheless, a final repayment date, ranging from January 2020 at the earliest to December 2050 at the latest, is stipulated in the agreement.

3.5.3.1.4 Breakdown of other long-term securities

(€K)	31/12/2018	Increase	Decrease	31/12/2019
treasury shares	119	581	614	86
TOTAL	**119**	**581**	**614**	**86**

At 31 December 2019, the company held 3,049 treasury shares under a liquidity agreement, i.e. a total amount of €86 thousand.

Change in amortisation, depreciation and provisions

The table of depreciation, amortisation and impairment is presented below:

			Increases		Decreases		
(€K)	Note 3.5	31/12/2018	Charges	Transfers	Disposals and other subtractions	Universal transfer	31/12/2019
Impairment of intangible fixed assets		**0**	**0**		**0**	**0**	**0**
Depreciation and impairment of tangible fixed assets		**205,504**	**16,981**	**1**	**4,632**	**0**	**217,854**
• Land improvements		0					0
• Buildings		203,030	15,245	0	4,455	0	213,820
• Other tangible fixed assets		6	0	1	0	0	7
• Impairment/land and buildings	3.1.5	2,468	1,736	0	177	0	4,027
Impairment of financial assets		**0**	**44,775**	**0**	**0**	**0**	**44,775**
• Investments in subsidiaries and affiliates	3.1.6	0	44,775	0			44,775
• Loan		0	0	0	0	0	0
• Long-term securities		0	0	0	0	0	0
• Treasury shares		0	0	0	0	0	0
TOTAL		**205,504**	**61,756**	**1**	**4,632**	**0**	**262,629**

3.5.3.1.5 Breakdown of impairment of assets

Each year, the book value of the assets is compared against their estimated market value. An independent appraisal, carried out every half-year, is used as a benchmark to determine if there is an indication of impairment:

(€K)	31/12/2018	Charges	Reversals of provisions	31/12/2019
Courtepaille Béziers	328	0	152	176
Courtepaille Bourg en Bresse	0	266	0	266
Courtepaille Évry	0	164	0	164
Courtepaille Fresnes Montauban	0	79	0	79
Courtepaille Les Ulys	0	193	0	193
Courtepaille Lille Mouvaux	0	177	0	177
Courtepaille Lille Villeneuve	0	186	0	186
Courtepaille Marcq-en-Baroeul	332	139	0	471
Courtepaille Marne La Vallée	0	212	0	212
Courtepaille Meaux	0	225	0	225
Jardiland Albi	752	0	15	737
Jardiland Blois	1,030	95	0	1,125
Jardiland Chateaudun	26	0	10	16
TOTAL	**2,468**	**1,736**	**177**	**4,027**

3.5.3.1.6 Breakdown of impairment of equity investments

Impairment of equity investments is recognised where the net asset value of subsidiaries is less than the value of the equity investments:

(€K)	31/12/2018	Charges	Reversals of provisions	31/12/2019
FDM M Lux	0	44,739	0	44,739
LHM Holding Lux	0	36	0	36
TOTAL	**0**	**44,775**	**0**	**44,775**

A provision for the impairment of the securities of FDM M Lux was set aside following the dividend payment by Rock companies (Hotel Operating properties in Germany).

3.5.3.2 Current assets

3.5.3.2.1 Breakdown of receivables by maturity

The balance of receivables at 31 December 2019 of €4,625 thousand corresponds to receivables not yet due.

(€K)	Gross amount at 31/12/2019	Amount due within 1 year	Gross amount at 31/12/2018.
Trade receivables and related accounts (1)	4,625	4,625	8,188
Current accounts	30,689	30,689	24,760
Other receivables	4,513	4,513	4,697
Miscellaneous receivables	150	150	72
VAT receivables	1,261	1,261	1,519
Tax receivables (2)	3,102	3,102	3,106
TOTAL	**39,827**	**39,827**	**37,645**
(1) of which expenses that may be recovered from tenants	27	27	64
Invoice(s) not yet submitted	4,274	4,274	2,563

(2) Covivio Hotels' financial statements were audited for the 2010/2011 and 2012/2013/2014 fiscal years, which resulted in a reassessment proposal for the CVAE in the amount of €2,438 thousand and €2,205 thousand respectively. These reassessments were partially withdrawn by the tax administration in the first quarter of 2018 and refunds of €1,219 thousand and €1,102 thousand were obtained. The remaining balances of the reassessment of €1,219 thousand and €1,103 thousand are being contested before the Administrative Court following the court's two rulings against the company. Based on the analysis by the company's legal counsel, these disputes were not provisioned as at 31 December 2019.

Covivio Hotels was also the subject of an accounting audit for the 2015 fiscal year, resulting in a reassessment proposal for the CVAE, on the same basis as the previous reassessments, in the amount of €239 thousand. This reassessment was disputed in the Administrative Court. Based on the analysis by the company's legal counsel, no provision was recorded for this dispute as at 31 December 2019.

Following the merger with FDM Management, Covivio Hotels acquired a CICE receivable of €545 thousand from the companies SLIH and Alliance. Payment of this receivable will be requested within two years or will be offset against income tax.

3.5.3.2.2 Accruals and other assets

(€K)	31/12/2019	31/12/2018
Prepaid operating expenses:	131	170
of which letting	0	43
of which external and other expenses	131	127
Prepaid financial expenses:	21,438	25,120
of which agent commissions	100	122
of which renegotiation of equalisation payments	19,550	22,198
of which IOP temporary account (1)	1,788	2,800
Total prepaid expenses	**21,569**	**25,290**
Total deferred expenses of which loan issue costs	**14,302**	**16,719**
Bond redemption premiums		
of which €350 million bond (2)	1,227	1,441
Total Bond redemption premiums	**1,227**	**1,441**
Unrealised foreign exchange losses		
Increase in liabilities (3)	18,836	8
Decrease in receivables	7	5,112
Total unrealised foreign exchange losses	**18,843**	**5,120**
TOTAL	**55,941**	**48,570**

(1) Whenever the instrument no longer meets the qualification criteria, or if the company drops the hedging relationship, hedge accounting continues to apply to the accumulated unrealised gains or losses on the hedging instrument up to the date the hedge ended, which must then be recognised in a suspense account offsetting a cash instruments account.

(2) The redemption premium amortised over the term of the €350 million bond, i.e. over seven years, up to 24 September 2025.

(3) At year-end, receivables and debt are converted at the closing rate. These conversion differences are recorded in transitional accounts, pending subsequent adjustment. The increase in liabilities is primarily due to the unrealised loss recognised on the £400 million bank debt, since sterling rose 5% in the fiscal year 2019.

3.5.3.2.3 Treasury instruments

This item corresponds to the premiums paid when hedging instruments are subscribed. This premium is spread in profit or loss over the term of the hedge.

3.5.3.2.4 Accrued income

(€K)	31/12/2019	31/12/2018
Other financial assets (accrued interest on loans)	17,127	35,643
Trade receivables and related accounts (invoice not yet submitted)	4,275	2,563
Other receivables	0	0
TOTAL	**21,401**	**38,206**

3.5.3.3 Shareholders' equity

At 31 December 2019, the share capital comprised 121,036,633 shares, all of the same class, with a par value of €4 each and totalling €484,146,532.

At 31 December 2019, the company held 3,049 treasury shares.

		Increase		Decrease		
(€K)	31/12/2018	Increase during the year	Other changes during the year	Allocation of net income/ Dividend distribution	Line-by-line transfers	31/12/2019
Share capital	472,232	11,915	0	0	0	484,147
Share premium account	956,623	0	0	0	0	956,623
Merger premiums	353,741	0	0	0	0	353,741
Additional paid-in capital	19,554	43,224	- 1,191	0	0	61,587
Legal reserve	35,126	0	1,191	10,911	0	47,228
Retained earnings	14,141	0	0	23,807	0	37,948
Net income for the fiscal year	218,202	184,275	0	- 218,202	0	184,275
Regulated provisions	3,786	694	- 90	0	0	4,390
SHAREHOLDERS' EQUITY	**2,073,405**	**240,108**	**- 90**	**- 183,484**	**0**	**2,129,939**

Capital increase

On 27 March 2019, Caisse des Dépôts et Consignations (CDC) contributed 49.9% of the securities in OPCI FDT in the amount of €15,202 thousand to Covivio Hotels. In return, 613,244 Covivio Hotels shares were created with a par value of €4 each and additional paid-in capital of €20.79. 10% of the capital, €245 thousand, was added to the legal reserve. Expenses allocated to additional paid-in capital amount to €62 thousand.

On 5 April 2019, Covivio contributed 100% of the securities in Ruhl Côte d'Azur for €29,584 thousand to Covivio Hotels, as well as the claim it held on Ruhl Côte d'Azur for €10,500 thousand. In return, 2,365,503 Covivio Hotels shares were created with a par value of €4 and additional paid-in capital of €12.95. 10% of the capital, €946 thousand, was added to the legal reserve. Expenses allocated to additional paid-in capital amount to €84 thousand.

Appropriation of earnings for the prior fiscal year

The Ordinary and Extraordinary General Meeting on 5 April 2019 allocated prior year income as described below and paid an ordinary dividend of €1.55 per share.

(€K)	
Income for the year ended 31/12/2018	218,202
Share premium account	0
Retained earnings	14,141
TOTAL TO BE ALLOCATED	**232,343**
Legal reserve	10,911
Share premium account	0
Dividends paid out [(1)]	183,484
Retained earnings	37,948
TOTAL ALLOCATED	**232,343**

(1) The €183,484 thousand in dividends paid out breaks down as follows:
€500 thousand in preferred dividends paid to Covivio Hotel Gestion
€182,989 thousand in ordinary dividends (€1.55 * 118,057,886 shares)
(€5 thousand) in respect of treasury shares that do not have dividend rights.

Regulated provisions

These are capital cost allowances used on assets for which a finance lease option was exercised for €3,816 thousand.

The remaining €574 thousand concern the capital cost allowances on acquisition costs for the securities of OPCI Oteli and SAS Kombon.

3.5.3.4 Provisions for risks and charges

			Increase		Decrease		
(€K)	Note 3.5	31/12/2018	Universal transfer	Charges	Reversals of provisions (amount used)	Reversals of provisions (amount not used)	31/12/2019
Provisions for contingencies	**3.4.1**	**597**	**0**	**7,057**	**219**	**0**	**7,435**
Provision for foreign exchange losses		53	0	6,810	0	0	6,863
Provisions for hedging		219	0	0	219	0	0
Provisions for free share contributions		325	0	247	0	0	572
Provisions for losses		**398**	**0**	**2**	**232**	**0**	**168**
Employment litigation		230	0	0	230	0	0
End-of-career benefits	3.4.2	93	0	2	0	0	95
Long service award		75	0	0	2	0	73
TOTAL		**995**	**0**	**7,059**	**451**	**0**	**7,603**

3.5.3.4.1 Provisions for contingencies

On 25 July 2018, through the intermediary of its subsidiary Murdelux, Covivio Hotels acquired a portfolio of hotel real estate situated in the United Kingdom. To finance this transaction, Covivio Hotels took out a bank loan in the amount of £400,000 thousand and transferred the funds to its subsidiary Murdelux as an intra-group loans. This debt was partially repaid in 2019 for €189,180 thousand (or £169,181 thousand).

At 31 December 2019, Covivio Hotels had a £400,000 thousand bank debt denominated in GBP and £295,319 thousand in receivables related to GBP-denominated investments. The exchange rate effects of these financial debts and receivables as well as current account debts show a net balance of €6,863 thousand, leading to the recognition of a €6,810 thousand provision for translation losses.

At 31 December 2019, Covivio Hotels is no longer in an over-hedging position; therefore the €219 thousand provision has been reversed.

3.5.3.4.2 End-of-career benefits

Covivio Hotels has applied the French accounting standards authority (ANC) Recommendation No. 2013-02 of November 2013 on recognition and measurement of retirement commitments and similar benefits since fiscal year 2013. This recommendation allows the measurement of the provision for post-employment benefits in accordance with IAS 19R.

Regarding the recognition of these retirement commitments, Covivio Hotels opted for the immediate and full recognition in profit or loss of the result of the recognition of actuarial gains and losses.

Main assumptions used for end-of-career benefits and long-service awards:

Parameters	31/12/2019	31/12/2018
Discount rate	0.44%	1.27%
Annual inflation	-	-
Annual wage growth		
Managers	4%	4%
Non-managers	3%	3%
Payroll tax rate (end-of-career benefits only)	48.80%	51.26%
Mortality rate	TGF05/TGH05	TGF05/TGH05
Turnover	10.09% (20 years)	10.21% (20 years)
	10.09% (20 years)	10.21% (30 years)
	10.09% (20 years)	10.21% (40 years)
	0% (50 years)	0% (50 years)
Reason for retirement	At the initiative of the employee	At the initiative of the employee

3.5.3.5 Liabilities

(€K)	Note 3.5	31/12/2019	Amount due in less than 1 year	Amount due in 1 to 5 years	Amount due in over 5 years	31/12/2018
Non-convertible bonds	3.5.1	741,586	5,033	386,553	350,000	741,627
Borrowings and debts to credit institutions	3.5.2	1,147,215	33,434	253,030	860,751	851,063
Other sundry loans and borrowings	3.5.3	183,391	183,391	0	0	119,756
Advances and pre-payments		0	0	0	0	0
Trade payables and related accounts		2,697	2,697	0	0	1,166
Tax and social security liabilities	3.5.4	1,852	1,852	0	0	1,359
Debt on fixed assets and related accounts	3.5.5	875	875	0	0	29,452
Other payables	3.5.6	813	813	0	0	262
Pre-booked income		0	0	0	0	0
Treasury instruments	3.5.7	324	324	0	0	416
TOTAL		**2,078,753**	**228,419**	**639,583**	**1,210,751**	**1,745,101**

3.5.3.5.1 Non-convertible bonds

Bonds

The features of these bonds are as follows:

Issue date	16 November 2012
Issue amount (in €M)	255
Partial redemption	68
Nominal value following partial redemption	187
Nominal rate	2.754%
Maturity	16 November 2021

The balance of the bond amounts to €187,182 thousand, corresponding to accrued interest for €628 thousand and outstanding capital of €186,554 thousand.

Issue date	24/09/2018
Issue amount (in €M)	350
Partial redemption	0
Nominal value following partial redemption	350
Nominal rate	1.875%
Maturity	24/09/2025

The balance of this bond is €351,775 thousand, corresponding to accrued interest for €1,775 thousand and outstanding capital of €350,000 thousand.

Private placement

This private placement was subscribed by Covivio Hotels on 29 May 2015. It is not guaranteed. Its features are:

Issue date	29 May 2015
Issue amount (in €M)	200
Partial redemption	0
Nominal value following partial redemption	200
Nominal rate	2.218%
Maturity	29 May 2023

the balance of the private placement amounts to €202,630 thousand, corresponding to accrued interest for €2,630 thousand and outstanding capital of €200,000 thousand.

3.5.3.5.2 Borrowings and debt to credit institutions

The table of changes in bank debt is set out below:

(€K)	31/12/2018	Increase	Decrease	31/12/2019
Borrowings and debt to credit institutions [1]	847,400	307,735	32,428	1,122,707
Accrued interest	3,663	5,946	3,663	5,946
Bank overdrafts	0	18,562	0	18,562
TOTAL	**851,063**	**332,243**	**36,091**	**1,147,215**

(1) The increase mainly concerns the drawdowns on existing credit lines for €250,000 thousand and the drawdown of €35,644 thousand following the acquisition of the two assets in Oxford on 15 February 2019.

Repayments following the disposal of assets amount to €6,267 thousand.

3.5.3.5.3 Other sundry loans and borrowings

Sundry loans and borrowings consist of:

- Current accounts in credit in the amount of €183,247 thousand:

(€K)	31/12/2019	31/12/2018
Foncière Otello	34,474	33,516
Investment FDM Rocatiera	32,553	29,003
Murdelux	19,966	9,019
Ulysse Belgique	11,815	9,554
SLIH	11,554	2,001
Trade Center Hotel	8,221	7,403
Sunparks Oostduinkerk	7,833	6,392
George Hotel Investments Ltd	6,454	2,004
Lagonda Palace Propco Ltd	5,101	1,940
Constance	4,406	0
Ruhl Côte d'Azur	3,930	0
George Hotel Investments HoldCo Ltd	3,532	0
Roxburge Invest lux	3,038	1,646
Roxburghe Investments HoldCo Ltd	2,968	2,216
The St David's Hotel Cardiff Ltd	2,579	977
Grand Central Hotel Company Ltd	2,374	0
Blythswood Square Hotel Glasgow Ltd	2,309	1,078
Lagonda York Propco Ltd	2,240	1,176
Oxford Spires Hotel HoldCo Ltd	2,187	0
René Clair	2,076	0
Kempense Meren	2,031	675
Wotton House Properties Ltd	2,004	944
SCI Porte Dorée	1,834	609
Lagonda Russell Propco Ltd	1,117	1,711
Bardiomar	1,041	1,107
Oxford Thames Ltd	1,016	0
Oxford Spires Hotel HoldCo Ltd	887	0
Lagonda Leeds Propco Ltd	674	405
Sunparks Trefonds	624	748
SCI Rosace	602	0
Sunparks Vielsalm	585	1,448
So Hospitality	484	441
Wotton House Properties HoldCo Ltd	364	0
Lagonda York Holdco Ltd	323	0
SARL Loire	51	58
B&B Invest Espagne	0	1,337
Hotel 57 Place René Clair	0	1,298
Hermitage Holdco	0	918
Foncière Manon	0	132
Hotel Amsterdam Centre Propco	0	0
Sunparks de Haan	0	0
TOTAL	**183,247**	**119,756**

- tenants' security deposits in the amount of €144 thousand.

3.5.3.5.4 Tax and social security liabilities

Tax and social security liabilities comprise:

- €676 thousand: VAT;
- €593 thousand: Personnel – expenses payable;
- €258 thousand: State taxes due (other than income tax);
- €189 thousand: Social charges/wages;
- €136 thousand: Tax charges.

3.5.3.5.5 Fixed asset liabilities

Fixed asset liabilities comprise:

- €701 thousand: accrued invoices for work on 10 assets rented by Accor;
- €159 thousand: accrued invoices for work on the MEININGER Porte de Vincennes hotel;
- €12 thousand: Holdback;
- €3 thousand: accrued invoices for work on the MEININGER Lyon Zimmermann hotel.

3.5.3.5.6 Other payables

Other debts comprise:

- €741 thousand: Credit notes to be issued;
- €70 thousand: Trade receivables;
- €2 thousand: Sundry liabilities.

3.5.3.5.7 Treasury instruments

This item corresponds to the premiums received on the acquisition of hedging instruments. These premiums received are spread in income over the term of the instruments.

3.5.3.5.8 Banking covenants

Covenant threshold	Scope	Covenant	Ratio
€447 million (2013) – nominal value REF II	Covivio Hotels	< 60%	In compliance
€255 million (2012) – Bonds	Covivio Hotels	≤ 65%	In compliance
€200 million (2015) – Private placement	Covivio Hotels	≤ 60%	In compliance
€279 million (2017) – Roca	Covivio Hotels	< 60%	In compliance
£400 million (2018) – Rocky	Covivio Hotels	< 60%	In compliance

Consolidated ICR	Scope	Covenant	Ratio
€447 million (2013) – nominal value REF II	Covivio Hotels	> 200%	In compliance
€255 million (2012) – Bonds	Covivio Hotels	≥ 200%	In compliance
€200 million (2015) – Private placement	Covivio Hotels	≥ 200%	In compliance
€279 million (2017) – Roca	Covivio Hotels	> 200%	In compliance
£400 million (2018) – Rocky	Covivio Hotels	> 200%	In compliance

At 31 December 2019, the company was in compliance with all its ICR and LTV guaranteed corporate credit banking covenants: LTV < 60% (with the possibility of exceeding this for six months and a limit of 65%), ICR > 200%.

3.5.3.5.9 Deferred expenses

(€K)	31/12/2019	31/12/2018
Accrued interest on borrowings	10,979	8,737
Invoices not received	3,530	5,794
Other payables	741	0
Tax and social security liabilities	1,027	881
Accrued interest on current bank overdrafts	4	3
TOTAL	**16,282**	**15,415**

3.5.3.5.10 Accruals and deferred payments

(€K)	31/12/2019	31/12/2018
Unrealised foreign exchange gains		
Decrease in liabilities	6	5,242
Increase in receivables	12,195	0
TOTAL	**12,201**	**5,242**

At year-end, receivables and debt are converted at the closing rate. These conversion differences are recorded in transitional accounts, pending subsequent adjustment. The increase in liabilities is primarily due to the unrealised loss recognised on the intra-group £400 million debt, since sterling rose 5% in fiscal 2019.

3

3.5.4 Notes to the income statement

In 2019, net income amounted to a positive €184,275 thousand, compared with a profit of €218,202 thousand in 2018.

3.5.4.1 Operating income

3.5.4.1.1 Revenues

(€K)	31/12/2019	31/12/2018
Rental income	**45,393**	**55,027**
Rental income from the hotel sector	29,895	33,589
Rental income from retail premises	15,498	21,438
Provision of services [1]	**30,645**	**20,806**
TOTAL	**76,038**	**75,833**

(1) Service provisions include the rebilling of taxes to tenants and of network costs to subsidiaries. The increase mainly stems from the retrocession of a sale commission paid by Covivio Hôtel Gestion immobilière (B&B disposal).

3.5.4.1.2 Reversals of provisions and transferred operating expenses

Reversal of provisions and transferred operating expenses include:

(€K)	31/12/2019	31/12/2018
Reversals of provisions for operating risks and charges	**233**	**0**
Reversals of impairment on tangible fixed assets	**152**	**259**
Transferred charges	**674**	**8,178**
Loan issue costs [1]	674	8,158
Operating expenses	0	0
Personnel Expenses	0	20
TOTAL	**1,059**	**8,437**

(1) The transferred expenses item is impacted by the transfer to deferred expenses of loan issuance costs relating to financing set up over the fiscal year and initially recognised as external expenses.

3.5.4.1.3 Operating expenses

(€K)	31/12/2019	31/12/2018
Other purchases and external expenses [1]	13,914	19,512
Taxes and related payments	5,947	6,750
Staff costs	5,735	5,113
Depreciation, amortisation, impairment and provisions [2]	20,377	24,529
Other operating expenses	117	55
TOTAL OPERATING EXPENSES	**46,090**	**55,960**

(1) The negative change stems primarily from loan issuance costs related to financing set up in 2018, following the acquisition of the UK portfolio and the €350 million bond issued that same year.

(2) Breakdown of depreciation, amortisation impairment and provisions:

(€K)	31/12/2019	31/12/2018
Depreciation and amortisation of operating properties and intangible fixed assets	0	0
Depreciation of rental assets	15,246	19,258
Depreciation of merger deficits	0	0
Depreciation of furniture and equipment	0	0
Depreciation of deferred expenses	3,092	4,124
Sub-total for depreciation and amortisation	**18,338**	**23,382**
Provisions for trade receivables	0	0
Provisions for fixed assets	1,789	833
Provisions for risks and charges	250	314
Sub-total for provisions	**2,039**	**1,147**
TOTAL	**20,377**	**24,529**

3.5.4.2 Financial income/(charges)

(€K)	Note 3.5	31/12/2019	31/12/2018
Financial income from investments		**204,907**	**73,929**
Dividends received from subsidiaries and equity investments	4.2.1	204,907	73,929
Other marketable securities and fixed asset receivables income		**46,576**	**45,341**
Income from loans to subsidiaries		46,576	45,163
Income from other loans		0	178
Other interest and similar income		**13,973**	**50,220**
Interest on group current accounts		246	219
Income from *swaps*		12,361	5,672
Other income		187	62
Merger premiums	4.2.2	1,178	43,785
Default interest		1	482
Reversals of provisions and transferred expenses	**4.2.3**	**219**	**59**
Reversals of provisions for financial contingencies and charges		219	6
Reversals of provisions on financial assets		0	53
Positive exchange differences		**1,717**	**598**
Exchange gain	4.2.4	1,717	598
Net income from disposal of marketable securities		**0**	**0**
Total financial income		**267,392**	**170,147**
Provisions for financial risks and charges		**51,799**	**111**
Bond redemption premium		214	57
Provisions for financial contingencies	4.2.4	6,810	54
Provisions on financial assets	4.2.5	44,775	0
Interest and similar expenses		**69,138**	**49,715**
Interest on borrowings		56,860	35,437
Interest on group current accounts		1,661	1,008
Restructuring payments hedging		8,510	7,776
Amortisation of IOP (Isolated Open Positions) instruments		1,012	3,681
Bank interest and financing operations		1,095	1,813
Negative exchange differences		**1,512**	**4,736**
Exchange loss	4.2.4	1,512	4,736
Net expenses from disposal of marketable securities		**0**	**0**
Total financial expenses		**122,449**	**54,563**
NET FINANCIAL INCOME/(CHARGES)		**144,943**	**115,585**

3.5.4.2.1 Breakdown of dividends

The dividends received from subsidiaries are as follows:

Companies distributing dividends (€K)	Dividends received in 2019	Dividends received in 2018
FDM M Lux	105,500	0
OPCI B2 Hôtel Invest	56,316	12,492
Murdelux	11,622	29,408
FDM Rocatierra	7,957	7,730
SNC Foncière Otello	5,475	6,496
Bardiomar	4,625	4,544
Trade Center Hotel	4,159	4,116
LHM Holding Lux	2,275	1,000
OPCI Iris Invest 2010	1,368	1,368
SCI René clair	1,183	1,258
OPCI Camp Invest	1,116	1,116
OPCI FDT	1,011	0
Samoens	752	0
SCI Dahlia	725	761
SAS Iris holding France	629	629
SNC Covivio Hôtel Gestion Immobilière	182	287
B&B Invest Espagne	12	20
Foncière Ulysse	0	2,704
TOTAL	**204,907**	**73,929**

3.5.4.2.2 Breakdown of merger premiums

The merger premium relates to the transfer of all assets and liabilities (TUP) of OPCI Foncière Développement Tourisme (FDT). This transfer was carried out under the preferential treatment regime, with no retroactive tax effect.

3.5.4.2.3 Breakdown of reversals of provisions and transferred financial expenses

(€K)	31/12/2019	31/12/2018
Transferred financial expenses	**0**	**0**
Interest on borrowings	0	0
Reversal of provision	**219**	**59**
Provision for impairment of securities	0	53
Provision for hedging	219	6
TOTAL	**219**	**59**

3.5.4.2.4 Positive and negative exchange differences

Foreign exchange gains and losses recognised in 2019 concern the forward purchases and sales during the year, as well as foreign exchange differences recognised on closure of bank accounts.

3.5.4.2.5 Provisions on financial assets

Securities are impaired when the net remeasured position of subsidiaries is less than the net carrying amounts of the securities:

(€K)	31/12/2019	31/12/2018
FDM M Lux	44,739	0
LHM Holding Lux	36	0
TOTAL	**44,775**	**0**

A provision for the impairment of the securities of FDM M Lux was set aside following the dividend payment by Rock companies (Hotel Operating properties in Germany).

3.5.4.3 Net non-recurring income

Income (€K)	31/12/2019	31/12/2018	Expenses (€K)	31/12/2019	31/12/2018
Non-recurring income on management transactions	**300**	**21**	**Non-recurring expenses on management transactions**	**910**	**44**
Miscellaneous income	300	21	Miscellaneous expenses	910	44
Income on capital transactions	**18,225**	**328,584**	**Expenses on capital transactions**	**8,690**	**254,336**
Non-recurring income on disposal of buildings [(1)]	18,000	269,383	Book value of buildings sold off [(1)]	8,538	195,144
			NBV of component outputs	149	0
Income from disposal of securities	22	6	Book value of securities sold	1	5
Income from disposals (other items)	0	59,115	NBV Other asset items	0	59,115
Income from disposal of securities (liquidation)	0	10	NBV of sold securities (liquidation)	0	67
Miscellaneous non-recurring income	203	70	Non-recurring expenses	2	5
Reversals of provisions	**168**	**320**	**Depreciation and provisions**	**773**	**238**
Reversals of capital cost allowances	168	320	Capital cost allowances [(2)]	694	90
			Depreciation and amortisation charges	79	148
Provisions for taxes	0	0	Provisions for deferred taxes	0	0
Non-recurring income	**18,693**	**328,925**	**Non-recurring expenses**	**10,373**	**254,618**
NET NON-RECURRING INCOME	**8,320**	**74,307**			

(1) For the breakdown of disposals of assets, see Section 3.5.1.2 “Disposals of real estate assets”.

(2) Capital cost allowances concern assets purchased under finance leases for which options were exercised (€120 thousand) and acquisition costs for the securities of OPCI Oteli (€389 thousand) and SAS Kombon (€185 thousand).

3.5.4.4 Corporate income tax

Nil.

3.5.4.5 Increase in and relief of future tax liabilities

The tax loss carryforwards amounted to €81,394 thousand at 31 December 2019.

3.5.5 Off-balance sheet commitments

3.5.5.1 Commitments given

Off-balance sheet commitments given (€M)	Deadline	31/12/2019	31/12/2018
Commitments related to consolidated companies		**573.3**	**0.0**
Investment commitments		573.3	0.0
Commitments given for specific transactions		0.0	0.0
Commitments related to financing		**1,127.8**	**588.1**
Financial guarantees given (CRD of pledged debt) (1)		1,127.8	588.1
Commitments related to operating activities (A + B+ C)		**34.7**	**61.5**
Financial instruments contracted for the purpose of receipt or delivery of a non-financial item (own *use contracts*)		0.0	0.0
A – Commitments given related to business development		**5.5**	**26.8**
Work commitments outstanding on assets under development		0.0	10.0
Purchase commitments		0.0	0.0
Bank guarantees and other guarantees given		5.5	16.8
B – Commitments related to the implementation of operating contracts		**28.2**	**16.7**
Other contractual commitments given related to "Lease payments due"	2041- 2089	24.8	9.7
Work commitments outstanding on investment properties (2)		3.4	7.1
C – Commitments related to asset disposals		**1.0**	**18.0**
Preliminary sale agreements given		1.0	18.0

(1) Bank borrowings (excluding overdrafts) and bonds (excluding private placement) are secured by financial guarantees.

(2) Commitments relating to work on investment properties

(€M)	Amount of works budgets signed*	Amount of works accounted for	Amount of works commitments outstanding	Delivery date
Accor Hotels	10.3	6.9	3.4	2020
TOTAL LEASE PROPERTIES	**10.3**	**6.9**	**3.4**	

* The budgets signed for building works are monitored and updated regularly.

3.5.5.1.1 Swap-type financial futures instruments

A borrower at floating rates and in foreign currencies, Covivio Hotels is subject to the risks of interest rate rises and fluctuations in exchange rates over time. The exposure to this risk is limited through hedging (swaps, cross-currency swaps, caps and floors).

Asset acquisitions are generally debt-financed, mainly at floating rates. The interest rate risk management policy followed consists of systematically hedging floating-rate debt as soon as it is put in place, in order to secure the financial flows. Floating-rate debt is hedged in principle over the expected term for the which the assets will be held, a term that must exceed the debt's maturity.

Real estate assets may not be sold before the associated debt is extinguished. In the event of disposal, the debt is repaid early. The hedging policy is flexible to limit any risk of over-hedging in the event of the disposal of assets.

Covivio Hotels' borrowings and debt with credit institutions have been covered by swap agreements.

The table below summarises the major features of these swap contracts in euros:

Start date	End date	Ref	Bank	Rate type	Notional (€K)	Fair value (€K)
31/12/2014	30/12/2022	*FR* borrower swap	CIC-Est	2.0175%	70,000	- 4,970
31/03/2015	31/03/2025	*FR* borrower swap	HSBC	0.6925%	0	- 2,079
29/05/2015	29/05/2023	*FR* lender swap	HSBC	0.7180%	100,000	3,115
30/06/2015	30/06/2025	*FR* borrower swap	CIC-Est	1.8850%	50,000	- 5,704
31/03/2016	31/12/2026	*FR* borrower swap	Palatine	0.9230%	50,000	- 3,480
29/09/2017	31/12/2027	*FR* borrower swap	CIC-Est	1.1875%	70,000	- 6,690
29/12/2017	30/06/2028	*FR* borrower swap	Natixis	0.9040%	100,000	- 7,406
15/01/2018	31/03/2027	*FR* borrower swap	CACIB	0.7125%	100,000	- 5,534
15/01/2018	31/03/2027	*FR* borrower swap	Natixis	0.6880%	100,000	- 5,354
29/03/2018	31/03/2028	*FR* borrower swap	HSBC	1.0010%	100,000	- 8,146
29/03/2018	31/03/2027	*FR* borrower swap	LCL	0.9190%	100,000	- 7,054
29/06/2018	31/12/2027	*FR* borrower swap	Société Générale	0.9180%	100,000	- 7,363
24/09/2018	24/09/2025	*FR* lender swap	HSBC	0.6210%	150,000	5,946
24/09/2018	24/09/2025	*FR* lender swap	LCL	0.6210%	100,000	3,964
24/09/2018	24/09/2025	*FR* lender swap	Natixis	0.6210%	100,000	3,964
15/01/2019	15/01/2029	*FR* borrower swap	HSBC	0.8920%	100,000	- 7,443
TOTAL					**1,390,000**	**- 54,236**

The table below summarises the major features of these swap contracts in pounds sterling:

Start date	End date	Ref	Bank	Rate type	Notional (£K)	Fair value (€K)
15/01/2019	30/06/2026	*FR* borrower swap	SG	1.4550%	100,000	- 4,242
15/01/2019	30/06/2026	*FR* borrower swap	SANTANDER	1.4670%	100,000	- 4,331
15/01/2019	30/06/2026	*FR* borrower swap	HSBC	1.4680%	100,000	- 4,339
15/01/2019	30/06/2026	*FR* borrower swap	Natixis	1.3500%	100,000	- 3,465
15/01/2019	30/06/2026	*FR* borrower swap	SG	1.4170%	90,000	- 3,565
15/04/2019	30/06/2026	*FR* borrower swap	Natixis	1.2120%	90,000	- 2,199
TOTAL					**580,000**	**- 22,142**

3.5.5.1.2 Caps and floors

Covivio Hotels' loans and debts with credit institutions are subject to a cap and floor contract.

The table below summarises the major features of these cap and floor contracts:

Start date	End date	Ref	Bank	Rate type	Notional (€K)	Fair value (€K)
31/03/2015	31/03/2022	*tunnel-cap*	SG	2.0000%	26	0
31/03/2015	31/03/2022	*tunnel-cap*	HSBC	2.0000%	16	0
TOTAL					**42**	**0**

3.5.5.1.3 Cross-Currency Swaps

A cross-currency swap contract was taken out to cover the net investment in companies in the United Kingdom. (Borrower GBP/Lender EUR).

The table below summarises the major features of these cross-currency swap contracts:

Start date	End date	Ref	Bank	Rate type	Notional (€K/£K)	Fair value (€K)
31/07/2018	30/06/2026	FR lender CCS	CIC-EST	2.3000%	141,300/125, 000	- 1,468
20/09/2018	30/06/2026	FR lender CCS	Natixis	2.3000%	56,427/50,000	- 366
15/02/2019	30/06/2026	FR lender CCS	HSBC	2.3000%	85,616/50,000	- 1,191
TOTAL					**283,343/225, 000**	**- 3,025**

3.5.5.2 Commitments received

3.5.5.2.1 Commitments related to operating activities and financing

Off-balance sheet commitments received (€M)	Deadline	31/12/2019	31/12/2018
Commitments related to consolidated companies		**0.0**	**0.0**
Commitments received on specific transactions		0.0	0.0
Commitments related to financing		**63.2**	**287.4**
Commitments related to financing not specifically required by IFRS 7			
Financial guarantees received (authorised lines of credit not used)		63.2	287.4
Commitments related to operating activities		**990.9**	**315.5**
Other contractual commitments received related to "rental income due" activities		187.8	104.0
Assets received in pledge, mortgage or collateral, as well as guarantees received		225.4	204.4
Preliminary sale agreements received = Preliminary sale agreements given		1.0	0.0
Works committed outstanding (fixed assets) = (2) + (3) of commitments given		3.4	7.1
Acquisition commitments (fixed assets)		573.3	0.0

3.5.6 Sundry information

3.5.6.1 Average headcount during the fiscal year and headcount at the end of the fiscal year

	2019	2018
Managers	22	23
Supervisors	0	0
TOTAL EXCLUDING APPRENTICES	**22**	**23**
Apprentices	0	0
TOTAL	**22**	**23**

The company's headcount at 31 December 2019 was 22 people, all on permanent contracts.

3.5.6.2 Remuneration of corporate officers

3.5.6.2.1 Attendance fees

The attendance fees paid over the fiscal year by Covivio Hotels amounted to €27 thousand.

3.5.6.2.2 Remuneration of the Managing Partner and the Limited partner

The Managing Partner, Covivio Hotels Gestion, received remuneration amounting to €1,188 thousand excluding taxes for its work in fiscal year 2019. The terms of this remuneration are governed by Article 11 of the Articles of Association of Covivio Hotels.

In 2019, Covivio Hotels paid €500 thousand in preferred dividends to the Limited Partner, Covivio Hotels Gestion in respect of fiscal 2018.

3.5.6.3 Information regarding related-party transactions

All related-party transactions are concluded under normal market conditions.

3.5.6.4 Information on items with related companies

Items	Amount
Advances and pre-payments on fixed assets	0
Investments in subsidiaries and affiliates	2,012,553
Investment-related receivables	0
Loans	1,695,697
Trade receivables and related accounts	34,975
Other receivables	0
Other sundry long-term loans and borrowings	0
Other sundry short-term loans and borrowings	0
Advances and deposits received on orders in progress	22
Trade payables and related accounts	184,150
Debt on fixed assets and related accounts	0
Other payables	0
Income from investments	204,908
Other financial income	46,821
Financial expenses	- 1,661

3.5.6.5 Subsidiaries and equity investments

Subsidiaries and equity investments at 31 December 2019

(Article L. 233-15 of the French Commercial Code)

(€K) Companies or groups of companies	Capital	Equity other than capital	Capital interest (%)	Book value of securities held Gross	 Net
I. Detailed information					
A. Subsidiaries (at least 50% of the capital held by the Company)					
Real estate activities					
a) Rental property					
SNC Foncière Otello	1	20,051	99.92	33,071	33,071
SNC Hôtel René Clair	6,761	4,860	99.99	9,833	9,833
B&B Invest Espagne	41	4,046	100.00	4,089	4,089
Investment FDM Rocatiera	11,104	108,687	100.00	111,004	111,004
Bardiomar	7,631	15,164	100.00	79,224	79,224
Trade Center Hotel	12,020	24,287	100.00	96,585	96,585
SCI Porte Dorée	1,864	6,661	100.00	14,751	14,751
Ruhl Côte d'Azur	1	8,874	100.00	29,584	29,584
Samoens	3,461	14,545	50.10	13,766	13,766
b) Holding					
SARL Loire	2	51	100.00	86	86
SAS Foncière Ulysse	1,279	2,673	100.00	4,931	4,931
SARL Foncière Manon	105	35	99.90	265	265
Murdelux	27,053	719,494	99.95	770,834	770,834
FDM Gestion Immobilière	1	594	99.99	1	1
OPCI B2 Hôtel Invest	290,037	2,365	50.20	145,613	145,613
FDM M Lux	13	143,668	100.00	379,096	334,357
SCI Rosace	1,000	1,663	100.00	13,323	13,323
Constance	13,173	124,968	100.00	126,777	126,777
LHM Holding Lux	12	4,385	100.00	20,973	20,937
B. Investment (10% to 50% of capital held by the Company)					
Real estate activities					
a) Rental property					
SCI Dahlia	6,038	34,588	20.00	12,076	12,076
Oteli	125,242	109,036	31.15	67,890	67,890
Kombon	4,594	37,700	33.33	31,999	31,999
b) Holding					
Iris Holding France	9,582	10,823	19.90	6,588	6,588
Iris Invest 2010	110,869	9,751	19.90	22,624	22,624
Camp Invest	88,299	6,323	19.90	17,571	17,571
II. General information					
A. Subsidiaries not included in Section 1					
a) French subsidiaries (total)					
b) Foreign subsidiaries (total)					
B. Investments not included in Section 1					
a) In French companies (total)					
b) In Foreign companies (total)					
III. General information on holdings					
A. Subsidiaries I + II					
a) French subsidiaries (total)	317,685	187,340		392,001	392,001
b) Foreign subsidiaries (total)	57,874	1,019,731		1,461,805	1,417,030
B. Investments I + II					
a) In French companies (total)	344,624	208,221		158,748	158,748
b) In Foreign companies (total)	0	0		0	0

(€K) Companies or groups of companies	Loans and advances granted by the company and not repaid	Guarantees and sureties given by the Company	Revenues net of tax for the most recent year ended	Profit (loss) for the most recent year ended	Dividends received by the Company over the year	Obser-vations
I. Detailed information						
A. Subsidiaries (at least 50% of the capital held by the Company)						
Real estate activities						
a) Rental property						
SNC Foncière Otello	146,781		16,788	5,319	5,475	
SNC Hôtel René Clair	6,700		2,129	1,238	1,183	
B&B Invest Espagne	6,062		757	25	12	
Investment Rocatierra FDM	227,600		22,230	7,524	7,957	
Bardiomar	8,798		5,882	4,600	4,625	
Trade Center Hôtel	0		5,418	4,215	4,159	
SCI Porte Dorée	7,747		2,163	526	0	
Ruhl Côte d'Azur	8,500		2,851	2,381	0	
Samoens	15,667		5,930	1,112	752	
b) Holding						
SARL Loire	0		0	-7	0	
SAS Foncière Ulysse	11,637		0	-134	0	
SARL Foncière Manon	217		0	-9	0	
Murdelux	562,691		476	-43,004	11,622	
FDM Gestion Immobilière	87		12,694	593	182	
OPCI B2 Hôtel Invest	0		0	111,806	56,316	
FDM M Lux	387,986		0	658	105,500	
SCI Rosace	37,500		4,081	1,075	0	
Constance	141,550		0	6,615	0	
LHM Holding Lux	28,960		0	-7	2,275	
B. Investment (10% to 50% of capital held by the Company)						
Real estate activities						
a) Rental property						
SCI Dahlia	0		8,986	2,834	725	
Oteli	33,785		11,786	8,795	0	
Kombon	19,949		6,534	1,708	0	
b) Holding						
Iris Holding France	6,745		95	2,057	629	
Iris Invest 2010	0		0	6,878	1,368	
Camp Invest	0		0	5,678	1,116	
II. General information						
A. Subsidiaries not included in Section 1						
a) French subsidiaries (total)						
b) Foreign subsidiaries (total)						
B. Investments not included in Section 1						
a) In French companies (total)						
b) In Foreign companies (total)						
III. General information on holdings						
A. Subsidiaries I + II						
a) French subsidiaries (total)	376,386	0	46,636	130,515	63,908	
b) Foreign subsidiaries (total)	1,222,097	0	34,763	-25,989	136,150	
B. Investments I + II						
a) In French companies (total)	60,479	0	27,401	27,950	3,838	
b) In Foreign companies (total)	0	0	0	0	0	

3.5.7 Subsequent events

Covivio Hotels signed an agreement for the acquisition of a portfolio of eight hotels, the majority of which are five-star properties located in the centre of major cities in Europe: Rome, Florence, Venice (x2), Budapest (x2), Prague and Nice. The deal will be completed for a total of €573 million. A €27 million deposit was paid on 16 December 2019 via its Murdelux subsidiary.

The hotels will be operated by NH Hotel Group, which has signed a long-term variable payment lease with a guaranteed minimum. The initial term of the agreement is 16 years, which may be extended to 30 years at the request of the NH Hotel Group.w

3.6 Statutory Auditors' report on the annual financial statements

Year ended 31 December 2019

To the General Meeting of Covivio Hotels,

Opinion

In compliance with the engagement entrusted to us by the General Meeting, we audited the accompanying consolidated financial statements of Covivio Hotels for the fiscal year ended 31 December 2019.

In our opinion, the accompanying annual financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2017, and of the results of its operations for the year then ended, in accordance with French accounting standards.

The opinion set out below reflects the content of our report to the Audit Committee.

Basis of Opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe the information we have collected to be sufficient and appropriate to form an opinion.

Our responsibilities by virtue of those professional standards are set out in the latter part of the present report under the heading "Responsibilities of the Statutory Auditors for the audit of the annual financial statements".

Independence

We conducted our audit engagement in accordance with the independence rules applicable to us, for the period from 1 January 2019 to the date of this report, and in particular we did not provide any prohibited services referred to in Article 5 (1) of EU Regulation 537/2014 or in the French Code of Ethics for Statutory Auditors.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatements that, in our professional judgement, were of most significance in our audit of the annual financial statements for the fiscal year, as well as how we addressed those risks.

These assessments were made as part of our audit of the annual financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report. We do not express any opinion on isolated elements of the annual financial statements.

Valuation of equity investments, related receivables and provisions for any contingencies relating thereto

Risk identified	How the matter was addressed
At 31 December 2019, the Company's equity investments and related receivables were included in its statement of financial position at a net carrying amount of €3,697 million or 87% of the total assets. As stated in Note 3.5.2.4, "Non-current financial assets" to the annual financial statements, they are measured at cost or at the applicable contribution value less any impairment allowance required to reduce them to their value in use. In the case of investments held for the long term, value in use is assessed on the basis of the investee's net assets plus any unrecognised capital gains associated with the investee's non-current assets.	We obtained an understanding of the Company's process of valuation of its property assets. Our procedures also involved: • assessing the independence of the real estate appraisers by examining the application of the rotation rules and the forms of remuneration offered by the Company; • obtaining an understanding of the Company's written instructions to its professional real estate appraisers describing the nature of the services required and the scope and limitations of their work, particular regard to the verification of the information provided by the Company; • assessing, on a test basis, the relevance of the information provided by the Company's Finance department to the professional real estate appraisers for the purpose of determining the fair value of the Company's property assets, including tenancy schedules, other accounting data and capital expenditure budgets;

Risk identified	How the matter was addressed
As stated in Note 3.5.2.9, "Provisions for risks and charges" to the annual financial statements, provisions may also be recognised in the amount of any negative revalued equity associated with subsidiaries for which any associated assets have already been impaired. Given the weight of the Company's equity investments and related receivables and the sensitivity of their valuation to the applicable assumptions in particular as regards the estimation of the applicable unrecognised capital gains, we considered their valuation and that of any applicable provisions as a key audit matter.	• analysing the professional real estate appraisers' valuation assumptions, in particular, the yield rates, discount rates, rental data and market rental values, by comparison with the available market data; • interviewing certain professional real estate appraisers in the presence of the entities' Finance departments and assessing, with the assistance of our valuation specialists, the consistency and relevancy of the valuation approach applied and of the main judgements made; • verifying, on a sample basis, that impairment allowances are recognised when appraisal values (excluding charges) calculated by independent professional real estate appraisers are lower than the net carrying amounts and the criteria defined in Note 3.5.2.4 to the annual financial statements are met; • recalculating, on a sample basis, the impairment allowances and reversals recorded in the company's annual financial statements. In addition to obtaining an understanding of the process used to determine the value in use of equity investments, our work also involved: • assessing the recoverable nature of related receivables in view of the analyses of the equity investments; • reviewing the need to recognise a provision for risk to cover the net revalued position of subsidiaries when this is negative and when all of the subsidiary's assets have been impaired.

3

Valuation of property assets

Risk identified	How the matter was addressed
At 31 December 2019, fixed assets represented a value of €445 million, out of a total balance sheet of €4,228 million. They are mainly comprised of investment properties held by the Company. Fixed assets are recognised at acquisition cost or production cost and are depreciated on a straight-line basis. As indicated in Note 3.5.2.3 "Impairment of tangible and intangible fixed assets" to the annual financial statements, at each closing date the company conducts an assessment to determine the existence of indicators showing that an asset may have lost significant value. In such cases, an impairment charge may be recorded in income. These impairment losses are determined by a comparison between the market value (excluding charges), calculated on the basis of independent appraisals, and the net book value of the properties. Property valuation is a complex matter requiring the exercise of significant judgement by the Company's professional real estate appraisers based on the data communicated by the Company. Given the weight of the Company's property assets and the sensitivity of their valuation to the applicable assumptions requiring the exercise of judgement, we considered their valuation as a key audit matter.	We obtained an understanding of the Company's process of valuation of its property assets. Our procedures also involved: • assessing the competence and independence of the real estate appraisers by examining the application of the rotation rules and the forms of remuneration offered by the Company; • obtaining an understanding of the company's written instructions to its professional real estate appraisers describing the nature of the services required and the scope and limitations of the applicable procedures with particular regard to the verification of the information provided by the Company; • assessing, on a test basis, the relevancy of the information provided by the Company's Finance department to the professional real estate appraisers for the purpose of determining the fair value of the Company's property assets, including rent schedules, other accounting data and capital expenditure budgets; • analysing the professional real estate appraisers' valuation assumptions, in particular, the yield rates, discount rates, rental data and market rental values, by comparison with the available market data; • interviewing certain professional real estate appraisers in the presence of the Company's Finance department and assessing, by the inclusion of valuation specialists within our audit teams, the consistency and relevancy of the valuation approach applied and of the main associated instances of the exercise of professional judgement; • verifying, on a sample basis, that impairment allowances are recognised when appraisal values (excluding duties) calculated by independent professional real estate appraisers are lower than the net carrying amounts and that the criteria defined in Note 3.5.2.3 are met; • recalculating, on a sample basis, the impairment allowances and reversals recorded in the company's annual financial statements.

Specific verification

We have also performed, in accordance with professional standards applicable in France, the other specific verifications required by French law and regulations.

Information on the Company's financial position and annual financial statements included in the Company's management report and other documents addressed to shareholders

We have no matters to report as to the fair presentation and consistency with the annual financial statements of the information on the Company's financial position and annual financial statements included in its management report and other documents addressed to shareholders.

We confirm the true and fair nature and the consistency with the annual financial statements of the information on payment terms in article D. 441-4 of the French Commercial Code.

Corporate governance report

We confirm the existence, in the Supervisory Board's corporate governance report, of the information required by articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

As regards the information on the remuneration and other benefits paid or allocated to corporate officers, and on any guarantees provided in their favour, required by article L. 225-37-3 of the French Commercial Code, we verified its agreement with the company's financial statements or underlying data and, if necessary, with the elements gathered by your Company from other companies it controls, included in the scope of consolidation. Based on this work, we confirm the accuracy and fair presentation of that information.

As regards the information on matters liable, in the view of your company, to have an impact in the event of any public offer for the purchase or exchange of the Company's securities and required under article L. 225-37-5 of the French Commercial Code, we verified its agreement with the applicable source documents communicated to us. Based on this work, we have no matters to report in respect of this information.

Other information

As required by law, we verified that the requisite information on purchases of shares and controlling interests and the identity of the Company's shareholders, and their voting rights, have been communicated to you in the management report.

Information on other legal and regulatory obligations

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Covivio Hotels by your General Meeting of 30 November 2004 for MAZARS and of 11 April 2013 for ERNST & YOUNG et Autres.

As at 31 December 2019, MAZARS was in the sixteenth straight year of its engagement and ERNST & YOUNG et Autres in the seventh year.

Prior to this, the firm Groupe PIA, which later became Conseil AUDITEX & Synthèse (acquired by ERNST & YOUNG AUDITEX in 2010), was Statutory Auditor from 2007 to 2012.

Responsibilities of the Company's management, and of the persons involved in the Company's corporate governance, in respect of the annual financial statements

The Company's management is responsible for the preparation of annual financial statements presenting a true and fair view in accordance with French accounting standards and for the implementation of the system of internal control it deems necessary for the preparation of annual financial statements free from material misstatement whether resulting from fraud or error.

When preparing the annual financial statements, it is incumbent on the Company's management to assess the Company's capacity to continue to operate as a going concern, make any necessary disclosure in that respect and present the annual financial statements on a going concern basis unless there is an intention to liquidate the Company or cease its business.

The Audit Committee is responsible for overseeing the process for preparing financial information and monitoring the effectiveness of the risk management and internal control systems, as well as, where applicable, the internal audit system, regarding the procedures relating to the preparation and processing of accounting and financial information.

The annual financial statements were approved by the Management Board.

Responsibilities of the Statutory Auditors for the audit of the annual financial statements

Objectives and audit process

We are required to prepare a report on the Company's annual financial statements. Our purpose is to obtain reasonable assurance about whether the annual financial statements, taken as a whole, are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement where one exists. Misstatements can arise from fraud or error and are considered material if, individually or aggregated, they could reasonably be expected to influence the economic decisions of users as taken on the basis of these consolidated financial statements.

As indicated in article L. 823-10-1 of the French Commercial Code, in auditing the financial statements we are not asked to guarantee the viability or quality of the company's management.

In the course of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises its professional judgement throughout the audit. We also:

- identify and assess the risks of material misstatement in the annual financial statements, whether due to fraud or error, design and perform audit procedures in accordance with those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the circumvention of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control;

- assesses the appropriateness of the Company's accounting policies, the reasonableness of management's estimates and the adequacy of the related additional disclosures provided in the annual financial statements;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may call into question the company's ability to continue as a going concern. If the auditor concludes as to the existence of any material uncertainty, the attention of readers of the audit report is drawn to the information provided in that respect in the annual financial statements or, if such information is not provided or is not relevant, the auditor formulates a qualified audit opinion or a disclaimer of opinion;
- assess the overall presentation of the annual financial statements and judge whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee that in particular covers the scope of the audit work and the schedule of work undertaken, along with our findings. We also inform it, as applicable, of any material weaknesses we identified in the internal control system regarding the procedures relating to the preparation and processing of accounting and financial information.

The elements communicated in the report to the Audit Committee equally include the risks of material misstatement which, in our professional view, have presented the greatest significance for the audit of the annual financial statements for the fiscal year and which as such constitute key audit matters we are required to describe in this report.

We also provide the Audit Committee with the confirmation in writing provided for in article 6 of EU Regulation No. 537-2014 regarding our independence, as per the applicable rules in France found in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where necessary, we discuss with the Audit Committee the threats to our independence and the safeguards applied to mitigate those threats.

Courbevoie and Paris-La Défense, 18 February 2020

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Claire Gueydan	Anne Herbein

3.7 Statutory Auditors' special report on regulated agreements

General Meeting to approve the financial statements for the fiscal year ended 31 December 2019

To the General Meeting of Covivio Hotels,

As Statutory Auditors of your Company, we hereby present our report on the regulated agreements.

Our role is to inform you, based on the information that was disclosed to us, of the characteristics, essential terms and conditions and reasons justifying the interest for the Company of the agreements of which we were informed or that we discovered during our assignment, without having to express an opinion on their usefulness or merit nor to look for the existence of other agreements. It is our role, under the terms of Article R. 226-2 of the French Commercial Code, to assess the interest attached to the signature of these agreements for the purpose of their approval.

Moreover, it is our role, if applicable, to provide you with the information stipulated in Article R. 226-2 of the French Commercial Code on the execution, during the fiscal year just ended, of the agreements already approved by the General Meeting.

We have carried out the work that we considered necessary in accordance with the professional guidance of the National Auditing body (*Compagnie nationale des commissaires aux comptes*) on this assignment. This work consisted of verifying the consistency of the information provided to us with the basic documents from which it was extracted.

Agreements submitted for approval by the General Meeting

Pursuant to Article L. 226-10 of the French Commercial Code, we were informed of the following agreements signed during the past fiscal year which were subject to prior approval from your Supervisory Board.

1. With Covivio Alexanderplatz S.A.S., subsidiary of Covivio holding over 10% of the share capital of your Company and member of the Supervisory Board of the latter

a) Nature, purpose and terms

Contract for the sale of land on Alexanderplatz

This contract for the sale of land and existing retail units located in Alexanderplatz, Berlin, was signed on 26 April 2019 by BRE/GH II Berlin Investor GmbH, indirect subsidiary of your Company, to the Luxembourg company, Covivio Alexanderplatz S.A.S., subsidiary of Covivio, for the price of €60.5 million.

Reasons justifying the interest of the agreement for the Company

Your Board justified this agreement as follows: The Supervisory Board considered that the signature of this agreement would enable your Company to sell land located close to the Park Inn Berlin in order to develop a mixed-use project of offices, retail and residential units, which does not correspond to your Company's activity.

b) Nature, purpose and terms

Agreement covering payment of compensation in respect of the "Alexanderplatz" project.

This agreement was signed on 26 April 2019 and provides for the payment by Covivio Alexanderplatz S.A.S, subsidiary of Covivio, to BRE/GH II Investor GmbH, indirect subsidiary of your Company, of compensation of €26.5 million for the full demolition of certain retail units and the partial demolition of Primark with payment taking place within 30 days from the start of demolition planned for 2024.

Reasons justifying the interest of the agreement for the Company

Your Board justified this agreement as follows:

The Supervisory Board considered that the signature of this agreement would enable your Company to sell land located close to the Park Inn Berlin in order to develop a mixed-use project of offices, retail and residential units, which does not correspond to your Company's activity.

2. With the Caisse des Dépôts et Consignations, Member of the Supervisory Board of your Company holding less than 10% of the share capital

a) Nature, purpose and terms

Agreement for the contribution in kind of Foncière Développement Tourisme "FDT"

This contribution agreement was signed on 4 March 2019 between your Company and the Caisse des Dépôts et Consignations.

The aim is to set the terms and conditions for the contribution by the Caisse des Dépôts et Consignations to your Company of all 1,327,340 shares held in FDT.

Reasons justifying the interest of the agreement for the Company

Your Board justified this agreement as follows:

The Supervisory Board considered that this contribution would enable your Company to hold all of the share capital of FDT and thus simplify its organisation.

b) Nature, purpose and terms

Agreement for the waiver/application of the provisions of the Partners' agreement relating to FDT

A waiver agreement for the application of provisions of the Partners' agreement relating to FDT was signed as part of the envisaged capital reduction and contribution operations signed between your Company and the Caisse des Dépôts et Consignations on 4 March 2019 in the presence of FDT and Ampere Gestion.

The purpose of this agreement is to formalise the agreement between the parties in order to waive the entitlement to the rights and obligations resulting from the pact relating to FDT.

Reasons justifying the interest of the agreement for the Company

Your Board justified this agreement as follows:

The Supervisory Board considered that this agreement would enable the capital reduction in FDT to be carried out, in which the portion of unpaid capital is no longer justified given the signature of the contribution agreement presented above.

c) Nature, purpose and terms

Memorandum of understanding on the Oteli transaction

This memorandum of understanding was signed on 27 May 2019 between the Caisse des Dépôts et Consignations, Sogecap and your Company.

It defines the terms and conditions for future associates' pacts to be set up notably between the Caisse des Dépôts et Consignations, Sogecap and your Company, and Oteli France, Jouron and Kombon S.A.S. (the target companies) and their subsidiaries to take into account the entry of your Company and its subsidiary Murdelux into the share capital of the said target companies and management agreements for the real estate assets in which your Company or a Covivio Group company will become the managers.

Reasons justifying the interest of the agreement for the Company

Your Board justified this agreement as follows:

The Supervisory Board considered that the signature of this partnership and this agreement enables your Company to improve the quality of the portfolio located in France, to improve the expected short-term performance and to create a potential for creating value.

d) Nature, purpose and terms

Associates' pact relating to Kombon

This agreement was signed on 1 July 2019 between Caisse des Dépôts et Consignations, Sogecap, Covivio Hotels Gestion Immobiliere, Kombon S.A.S. and your Company.

The aim of this pact is to organise:

- the relations between the associates, investors, Chairman, Covivio Hotels Gestion Immobiliere and Kombon S.A.S.;
- the management and governance of Kombon S.A.S.;
- the terms and conditions for the transfer of shares.

Reasons justifying the interest of the agreement for the Company

Your Board justified this agreement as follows:

The Supervisory Board considered that the signature of this partnership and this agreement enables your Company to improve the quality of the portfolio located in France, to improve the expected short-term performance and to create a potential for creating value.

e) Nature, purpose and terms

Partners' agreement on Oteli

This agreement was signed on 1 July 2019 between Caisse des Dépôts et Consignations, Sasu Fonae, Sogecap, Orientex Holdings, Covivio SGP, Covivio Hotels Gestion Immobiliere, Oteli France and your Company.

The aim of this pact is to organise:

- the relations between the associates, investors, the management company, Covivio Hotels Gestion Immobiliere and Oteli France;
- management and governance of Oteli France and its subsidiaries;
- the terms and conditions for the transfer of shares.

Reasons justifying the interest of the agreement for the Company

Your Board justified this agreement as follows:

The Supervisory Board considered that the signature of this partnership and this agreement enables your Company to improve the quality of the portfolio located in France, to improve the expected short-term performance and to create a potential for creating value.

f) Nature, purpose and terms

Partners' Agreement on Jouron SPRL

This agreement was signed on 1 July 2019 between the Caisse des Dépôts et Consignations, Simplon Belgique S.A.S., Sogecap, Murdelux, Covivio Hotels Gestion Immobiliere, Jouron SPRL and your Company.

The aim of this pact is to organise:

- the relations between the partners, investors, the manager and Covivio Hotels Gestion Immobiliere and Jouron SPRL;
- management and governance of Jouron SPRL;
- the terms and conditions for the transfer of shares.

Reasons justifying the interest of the agreement for the Company

Your Board justified this agreement as follows:

The Supervisory Board considered that the signature of this partnership and this agreement enables your Company to improve the quality of the portfolio located in Belgium, to improve the expected short-term performance and to create a potential for creating value.

Agreements already approved by the General Meeting

Pursuant to Article R. 226-2 of the French Commercial Code, we have been informed of the execution of the following agreements, already approved by the General Meeting during previous financial years that continued during the past fiscal year.

1. With Predica and ACM Vie, members of the Supervisory Board of your Company and holding over 10% of the share capital in your Company

a) Nature, purpose and terms

Shareholders' agreement on the Angel transaction

This agreement was signed on 6 November 2012 between your Company and Loire, Fonciere Manon, Crédit Agricole Group and its affiliates and ACM Vie and its affiliates. The shareholders' agreement governs the relations between the shareholders within B2 hotel Invest and Foncière B2 hotel Invest and notably:

- a prohibition on the transfer of OPCI securities until the end of the fourth anniversary of the agreement signature date;
- a right to first refusal of shareholders in the assumption that one of them wishes to dispose of their investment after the expiry of the lock-up period;
- a tag-along right and a right of expulsion and a rendez-vous clause;
- the setting of the terms and conditions of the exit price.

In respect of the fiscal year ended 31 December 2019, this agreement did not have an impact on the financial statements.

b) Nature, purpose and terms

Subscription agreement

This agreement was signed on 14 November 2012 between your Company and Predica, ACM Vie, Serenis Assurances, Assurances du Crédit Mutuel IARD, Assurances du Crédit Mutuel Vie and Aviva Vie.

Through this subscription agreement, in 2012, your Company carried out a bond issue loan with an initial nominal value of €255 million, with interest at 3.682% per year (from 1 January to 15 February 2015) and 2.754% per year (from 16 February 2015) expiring on 16 November 2021.

The financial expense corresponding to the subscriptions of Predica and ACM Vie amounted to €3,154 thousand in respect of the fiscal year ended 31 December 2019.

2. With Predica, member of the Supervisory Board of your Company and holding over 10% of the share capital

a) Nature, purpose and terms

Shareholders' agreement on the Pei transaction

This agreement was signed on 24 May 2011 between your Company and Predica, Pacifica, Imefa Cent Deux and Imefa Cent Vingt-Huit.

The shareholders' agreement governs the relations between the shareholders within Camp Invest and Campeli, and notably:

- a prohibition on the transfer of OPCI Camp Invest securities until the end of the fifth anniversary of the completion date of the transaction;
- a right to first refusal of shareholders in the assumption that one of them wishes to dispose of their investment after the expiry of the lock-up period;
- a tag-along right and a right of expulsion;
- the setting of the terms and conditions of the exit price.

In respect of the fiscal year ended 31 December 2019, this agreement did not have an impact on the financial statements.

b) Nature, purpose and terms

Partners' agreement on the Dahlia transaction

This agreement was signed on 29 November 2011 between your Company, S.C.I. Holding Dahlia and Predica.

The partners' agreement governs the relations between the associates of S.C.I. Holding Dahlia. In respect of the fiscal year ended 31 December 2019, this agreement did not have an impact on the financial statements.

c) Nature, purpose and terms

Partners' agreement on the Iris transaction

This agreement was signed on 6 December 2010 between your Company and Predica.

The partners' agreement governs the relations between the partners within Iris Holding France and Iris Invest 2010 and notably:

- a prohibition on the transfer of OPCI or the holding's securities until the end of the fifth anniversary of the completion date of the transaction;
- a right to first refusal of shareholders in the assumption that one of them wishes to dispose of their investment after the expiry of the lock-up period;
- a tag-along right and a right of expulsion;
- the setting of the terms and conditions of the exit price.

In respect of the fiscal year ended 31 December 2019, this agreement did not have an impact on the financial statements.

3. With Covivio, member of the Supervisory Board of your Company and holding over 10% of its share capital.

a) Nature, purpose and terms

Addendum no. 4 to the agreement on network costs

This addendum to the initial agreement of 5 June 2009 was signed on 12 May 2016 between your Company and Covivio. This addendum was subject to prior approval from your Supervisory Board on 9 February 2016.

In respect of the fiscal year ended 31 December 2019, the amount covered by your Company was €6,406 thousand.

Courbevoie and Paris-La Défense, 5 March 2020

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Claire Gueydan	Anne Herbein

3.8 Resolutions proposed to the Combined General Meeting of 3 April 2020

Ladies and Gentlemen, shareholders of the company Covivio Hotels (the "company"), are invited to attend the Combined General Meeting to be held at 9.30 AM on Friday, 3 April 2020, at Pavillon Kléber, 7 rue Cimarosa, 75116 Paris, to consider and vote on the following agenda:

3.8.1 Agenda

Ordinary resolutions

- Approval of the company's financial statements for the year ended 31 December 2019.
- Approval of the consolidated financial statements for the year ended 31 December 2019.
- Allocation of income – Distribution of dividends.
- Approval of the special report by the Statutory Auditors prepared in accordance with Article L. 225-40 of the French Commercial Code and the regulated agreements referred to in Article L. 226-10 of the French Commercial Code mentioned therein.
- Approval of the remuneration policy applicable to the General Manager.
- Approval of the remuneration policy applicable to members of the Supervisory Board.
- Approval of the information covered by Article L. 226-8-2 I of the French Commercial Code regarding overall remuneration of corporate officers.
- Approval of fixed, variable and exceptional components of the overall remuneration and benefits in kind paid during the fiscal year ended 31 December 2019 or allocated for the same fiscal year to Christophe Kullmann as Chairman of the Supervisory Board.
- Approval of fixed, variable and exceptional components of the overall remuneration and benefits in kind paid during the fiscal year ended 31 December 2019 or allocated for the same fiscal year to the company Covivio Hotels Gestion as General Manager.
- Renewal of the term of office of the company Foncière Margaux as a member of the Supervisory Board.
- Renewal of the term of office of the company Covivio Participations as a member of the Supervisory Board.
- Appointment of Najat Aasqui as member of the Supervisory Board.
- Authorisation to be granted to the General Manager for the purposes of the company's purchase of its own shares.

Extraordinary resolutions

- Modification of Article 15 (Supervisory Board remuneration) of the company's Articles of Association to eliminate the concept of "attendance fees".
- Modification of Article 8 (Form and disposal of shares) of the company's Articles of Association to facilitate the identification of holders of negotiable debt securities.
- Delegation of authority to the General Manager to increase the company's share capital through the capitalisation of reserves, profits or premiums.
- Authorisation to be granted to the General Manager to reduce the company's share capital through the cancellation of shares.
- Delegation of authority to the General Manager to issue shares and/or securities giving access to the company's equity, maintaining the shareholders' preferential right of subscription.
- Delegation of authority to the General Manager to issue, through public offering, shares and/or securities giving access to the company's equity, with waiver of the shareholders' preferential right of subscription and a mandatory priority period for share issues.
- Delegation of authority to the General Manager in the event of a capital increase with or without a preferential right of subscription, to increase the number of shares to be issued.
- Delegation of authority to the General Manager to issue shares and/or securities giving access to the company's equity, in order to compensate the contributions in kind granted to the company and consisting of capital securities or securities giving access to the share capital, with waiver of shareholders' preferential right of subscription.
- Delegation of authority to the General Manager to issue shares and/or securities giving access to the company's equity, with waiver of shareholders' preferential right of subscription, in the event of a public exchange offer initiated by the company.
- Delegation of authority to the General Manager to carry out capital increases reserved for company employees who are members of a savings plan, with waiver of shareholders' preferential right of subscription.
- Powers for formal recording requirements.

3.8.2 Text of the draft resolutions

Ordinary resolutions

RESOLUTION 1

Approval of the company's financial statements for the year ended 31 December 2019

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, having reviewed the company's financial statements for the fiscal year ended 31 December 2019 and the report of the General Manager, the report of the Supervisory Board and the report by the Statutory Auditors on the annual financial statements, approves in full the reports of the General Manager, the Supervisory Board and the company financial statements for the fiscal year ended 31 December 2019, which include the balance sheet, income statement and notes, as presented, and showing a profit of €184,274,608.60.

The General Meeting consequently approves the transactions posted to these financial statements or summarised in these reports.

The General Meeting notes that there were no expenditure and expenses covered by Article 39-4 of the French General Tax Code, and observes that there is no corporate income tax payable in this respect.

RESOLUTION 2

Approval of the consolidated financial statements for the year ended 31 December 2019

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, having reviewed the report of the General Manager, the report of the Supervisory Board and the report by the Statutory Auditors on the consolidated financial statements, approves the consolidated accounts for the fiscal year ended 31 December 2019, which include the balance sheet, consolidated income statement and notes, as presented, as well as the transactions posted to these financial statements and summarised in these reports.

The General Meeting approves the consolidated net income of the Group as at 31 December 2019, which amounts to €352,262.

RESOLUTION 3

Allocation of income – Distribution of dividends

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, having noted that profit for the fiscal year amounting to €184,274,608.60, increased by the retained earnings of €37,947,575.47, brings the distributable profit to an amount of €222,222,184.07, decides, on a proposal by the General Manager, to allocate the distributable profit as follows:

- payment of the preferential dividend of €500,000 to the limited partner in respect of the fiscal year;
- allocation of €1,186,625.56 to the legal reserve, bringing the amount of the legal reserve to €48,414,653.20;
- the payment of €187,606,781.15 in dividend to shareholders;
- €32,928,777.36 to the retained earnings account.

Each share will thus receive a dividend of €1.55.

In accordance with the law, shares held by the company on the dividend payment date do not hold any dividend rights. The General Meeting resolves that the amount corresponding to treasury shares on the dividend payment date, as well as the amount the shareholders may have waived, will be allocated to the "Retained earnings" account.

The dividend will be paid on 14 April 2020.

Based on the total number of shares that made up the share capital at 31 December 2019, i.e. 121,036,633 shares, and subject to the potential application of the provisions of Article 9 of the company's Articles of Association to the Shareholders subject to Withholding, a total dividend of €187,606,781.15 will be distributed. This dividend only carries entitlement to the 40% rebate in the event that the global annual election has expressly and irrevocably been made for the income tax scale option in accordance with the provisions of Article 200 A 2 of the French General Tax Code, and only for the portion of this dividend deducted, where applicable, from earnings liable for corporate income tax. In accordance with Article 158 3 b bis of the French General Tax Code, this rebate is not applicable to profits exempt from corporate income tax under the SIIC regime, pursuant to Article 208 C of the French General Tax Code.

Dividends drawn against the company's profits exempt from corporate income tax pursuant to Article 208 C of the French General Tax Code, excluding the preferential dividend and not eligible for the 40% rebate total €122,031,740.20. The dividend drawn against profits subject to corporate income tax amounts to €65,575,040.95.

In accordance with the law, the General Meeting confirms that the dividends distributed for the previous three fiscal years were as follows:

Fiscal year	Number of shares	Dividend paid per share	Amount of dividend eligible for the 40% rebate	Amount of dividend not eligible for the 40% rebate
2018	118,057,886	€1.55	€0 or €0.0337 if election is made for the income tax scale option	€1.55 or €1.2163 if election is made for the income tax scale option
2017	106,252,098	€1.55	€0 or €0.066 if election is made for the income tax scale option	€1.55 or €1.484 if election is made for the income tax scale option
2016	74,103,963	Ordinary dividend: €1.55 Extraordinary dividend: €1.55	€0	€3.10

RESOLUTION 4

Approval of the special report by the Statutory Auditors prepared in accordance with Article L. 225-40 of the French Commercial Code and the regulated agreements referred to in Article L. 226-10 of the French Commercial Code mentioned therein

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, having reviewed the report of the General Manager and the special report by the Statutory Auditors on the regulated agreements and commitments referred to in Article L. 226-10 of the French Commercial Code, approves said report and said agreements concluded or executed during the fiscal year ended 31 December 2019.

RESOLUTION 5

Approval of the remuneration policy applicable to the General Manager

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, having reviewed the Supervisory Board's report on corporate governance prepared in accordance with Article L. 226-10-1 of the French Commercial Code specifically describing the components of the remuneration policy for corporate officers, approves, in application of Article L. 226-8-1 II of the French Commercial Code, the remuneration policy applicable to the General Manager presented therein and described in Section 4.2.4.1.1 of the company's Universal Registration Document.

RESOLUTION 6

Approval of the remuneration policy applicable to members of the Supervisory Board

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, having reviewed the Supervisory Board's report on corporate governance prepared in accordance with Article L. 226-10-1 of the French Commercial Code specifically describing the components of the remuneration policy for corporate officers, approves, in application of Article L. 226-8-1 II of the French Commercial Code, the remuneration policy applicable to the members of the Supervisory Board presented therein and described in Section 4.2.4.1.2 of the company's Universal Registration Document.

RESOLUTION 7

Approval of the information covered by Article L. 226-8-2 I. of the French Commercial Code regarding overall remuneration of corporate officers

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, having reviewed the Supervisory Board's report on corporate governance prepared in accordance with Article L. 226-10-1 of the French Commercial Code, approves, in application of Article L. 226-8-2 I of the French Commercial Code, the information noted in Article L. 225-37-3 I of the French Commercial Code presented therein regarding the overall remuneration of the corporate officers, and described in Section 4.2.4.2 of the company's Universal Registration Document.

RESOLUTION 8

Approval of fixed, variable and exceptional components of the overall remuneration and benefits in kind paid during the fiscal year ended 31 December 2019 or allocated for the same fiscal year to Christophe Mr Kullmann as Chairman of the Supervisory Board

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, having reviewed the Supervisory Board's report on corporate governance prepared in accordance with Article L. 226-10-1 of the French Commercial Code, duly notes, in application of Article L. 226-8-2 II of the French Commercial Code, that Mr Christophe Kullmann, in his role as Chairman of the Supervisory Board, did not receive any fixed, variable, and exceptional compensation or benefits in kind paid during the fiscal year ended 31 December 2019 or allocated for the same fiscal year, as specified in said report and described in Section 4.2.4.3.1 of the company's Universal Registration Document.

RESOLUTION 9

Approval of fixed, variable and exceptional components of the overall remuneration and benefits in kind paid during the fiscal year ended 31 December 2019 or allocated for the same fiscal year to the company Covivio Hotels Gestion as General Manager

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, having reviewed the Supervisory Board's report on corporate governance prepared in accordance with Article L. 226-10-1 of the French Commercial Code, approves, in application of Article L. 226-8-2 II of the French Commercial Code, the fixed, variable and exceptional compensation making up overall remuneration and benefits in kind paid during the fiscal year ended 31 December 2019 or allocated for the same fiscal year to Covivio Hotels Gestion in its role as General Manager, as described in said report and described in Section 4.2.4.3.2 of the company's Universal Registration Document.

RESOLUTION 10

Renewal of the term of office of the company Foncière Margaux as member of the Supervisory Board

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, having reviewed the report of the General Manager, and having noted that the term of office of the company Foncière Margaux as a member of the Supervisory Board is due to expire at this General Meeting, resolves to renew, as of this day, the term of office of the company Foncière Margaux as a member of the company's Supervisory Board for a period of three (3) years expiring at the end of the Ordinary General Meeting called in 2023 to approve the financial statements for the fiscal year ending 31 December 2022.

RESOLUTION 11

Renewal of the term of office of the company Covivio Participations as member of the Supervisory Board

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, having reviewed the report of the General Manager, and having noted that the term of office of the company Covivio Participations as a member of the Supervisory Board is due to expire at this General Meeting, resolves to renew, as of this day, the term of office of the company Covivio Participations as a member of the company's Supervisory Board for a period of three (3) years expiring at the end of the Ordinary General Meeting called in 2023 to approve the financial statements for the fiscal year ending 31 December 2022.

RESOLUTION 12

Appointment of Ms Najat Aasqui as member of the Supervisory Board

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, having reviewed the report of the General Manager, resolves to appoint, as of this day, Ms Najat Aasqui, born on 30 January 1982 in Lille, a French citizen residing in Chaville, France, as a member of the company's Supervisory Board for a period of three (3) years expiring at the end of the Ordinary General Meeting called in 2023 to approve the financial statements for the fiscal year ending 31 December 2022.

RESOLUTION 13

Authorisation to be granted to the General Manager for the purposes of the company's purchase of its own shares

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, having reviewed the report of the General Manager and in accordance with the provisions of Articles L. 225-209 et seq. of the French Commercial Code, EC regulation No. 596/2014 of 16 April 2014 and the market practices allowed by the *Autorité des marchés financiers*:

- terminates, effective immediately, for the unused portion, the authorisation given by the Combined General Meeting of 5 April 2019;
- authorises the General Manager, which may further delegate such authority under the conditions provided for by legal and regulatory provisions, to purchase its own shares or have them be purchased, on one or more occasions and at the times of its choosing; and
- decides that purchases of company shares, as described in the paragraph above, may be for a number of shares such that the number of shares that the company would purchase during the buyback program does not exceed 10% of the shares making up the company's equity (at any time whatsoever, and this percentage applies to adjusted capital based on transactions that affect it after this meeting). It is stipulated that (i) a maximum of 5% of the shares comprising the company's equity may be held with a view to subsequent payment or exchange as part of a merger, demerger or contribution in kind, and (ii) for shares acquired as part of a liquidity agreement, the number of shares counting toward the abovementioned limit of 10% of the company's equity shall be the number of shares purchased less the number of shares resold during the term of this authorisation, and (iii) purchases made by the company may not under any circumstances lead to it owning more than 10% of the share capital of the company.

The maximum purchase price paid by the company for its own shares must not exceed forty euros (€40) per share (excluding acquisition expenses). In case of capital transactions, specifically through the incorporation of reserves and/or the splitting or reverse splitting of shares, this price will be adjusted by a multiplier coefficient equal to the ratio between the number of shares comprising the share capital prior to the transaction and the same number after the transaction. Accordingly, in the event of a change in the par value of the share, a capital increase through the incorporation of reserves, the splitting or reverse splitting of shares, the distribution of reserves or any other assets, the amortisation of the share capital or any other transaction affecting shareholders' equity, the General Meeting delegates to the General Manager the authority to adjust the aforementioned maximum purchase price in order to take into consideration the effect of these transactions on the share value.

The maximum amount of funds reserved for the share buyback program will be two hundred million euros (€200,000,000).

Transactions relating to purchases, disposals, exchanges or transfers may be executed by any means, i.e. on the market or over the counter, including by acquisition or sale of blocks, as well as by recourse to financial instruments, specifically derivative financial instruments traded on a regulated market or over the counter, such as call or put options or any combinations thereof, or by recourse to warrants, under the conditions authorised by the competent market authorities and at such times as the company's General Manager deems fit. The maximum portion of the share capital acquired or transferred in the form of blocks of shares may comprise up to the entire program.

These transactions may take place at any time, subject to compliance with regulations in force, unless a third party files a public offering for the shares of the company in which case they cannot take place until the end of the offer period.

This authorisation is intended to allow the company to pursue the following objectives, in compliance with the applicable legal and regulatory provisions:

- remit the shares during the exercise of rights attached to securities giving the right, immediately or in the future, through redemption, conversion, exchange, presentation of a warrant or any other manner, to the allocation of company shares, as well as to engage in any hedging transaction in relation to the issuance of such securities, under the conditions stipulated by the market authorities and at such times as the General Manager or the individual acting on behalf of the General Manager deems fit;
- keep the shares and remit them later as payment or in exchange in the context of potential transactions for external growth, merger, demerger or contribution in kind;
- cancel all or part of the shares through a reduction in the share capital (specifically in order to optimise cash management, return on equity or income per share), subject to this General Meeting adopting Resolution 17, below;
- facilitate the liquidity of transactions and consistency in the trading of the company's shares or to prevent price swings not justified by market trends within the framework of a liquidity agreement entered into with an investment services provider operating with complete independence, under the conditions and in accordance with the methods set by regulation and recognised market practice and consistent with a code of ethics recognised by the *Autorité des marchés financiers;*
- and also with a view to any other practice that could be recognised by the law or the *Autorité des marchés financiers* or any other purpose to be authorised by the law or regulations in effect in future. In such a case, the company would inform its shareholders by sending out a notice.

This authorisation is given for eighteen (18) months as at the date of this General Meeting.

The General Meeting grants complete authority to the General Manager, who may further delegate such authority under the conditions stipulated by the applicable legal and regulatory provisions, for the purposes of implementing this authorisation, and specifically:

- to place all orders on the stock exchange or over the counter;
- to enter into any agreements specifically with a view to maintaining records on the purchase and sale of shares;
- to prepare any documents, specifically for information purposes;
- to allocate or reallocate the shares acquired for the various purposes in question, under the applicable legal and regulatory conditions; and

- to prepare any statements and execute any recording requirements of the *Autorité des marchés financiers* or any other public authority and, in general, to take all necessary measures.

The General Meeting notes that the General Manager must account for any use made of this authorisation in the report required by Article L. 225-100 of the French Commercial Code, in accordance with Article L. 225-211 of the French Commercial Code on referral from Article L. 226-1 of the French Commercial Code.

Extraordinary resolutions

RESOLUTION 14

Modification of Article 15 (Supervisory Board remuneration) of the company's Articles of Association

The General Meeting, ruling under the conditions of quorum and majority required for Extraordinary General Meetings, having reviewed the report of the General Manager, resolves to modify Article 15 of the company's Articles of Association to eliminate the concept of "attendance fees" following the adoption of the law for business growth and transformation (PACTE law) of 22 May 2019.

Consequently, the first paragraph of Article 15 of the Articles of Association now reads as follows:

"Article 15 – Supervisory Board remuneration

The members of the Supervisory Board may receive annual remuneration, the amount of which, charged to the overheads, is determined by the Ordinary General Meeting and shall stand until a contrary decision is taken by this Meeting."

The remainder of Article 15 remains unchanged.

RESOLUTION 15

Modification of Article 8 (Form and disposal of shares) of the company's Articles of Association to facilitate the identification of holders of negotiable debt securities

The General Meeting, ruling under the conditions of quorum and majority required for Extraordinary General Meetings, having reviewed the report of the General Manager, resolves to modify Article 8 of the Articles of Association to bring it up to date with the new provisions of Article 228-2 of the French Commercial Code regarding the identification of holders of negotiable debt securities.

Consequently, the fourth paragraph of Article 8 of the Articles of Association now reads as follows:

Article 8 – Form and disposal of shares

[...]

The Company may use the provisions outlined in Articles L. 228-2 et seq. of the French Commercial Code at any time to identify (i) holders of securities conferring immediately or in the future voting rights in its own General Meetings of Shareholders (a "**General Meeting**") and (ii) holders of bonds or negotiable debt securities issued by the Company.

The remainder of Article 8 remains unchanged.

RESOLUTION 16

Delegation of authority to the General Manager to increase the company's share capital through the capitalisation of reserves, profits or premiums

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, having reviewed the report of the General Manager:

- terminates, effective immediately, for the unused portion, the authorisation given by the Combined General Meeting of 5 April 2019;
- hereby fully authorises the General Manager, in accordance with the provisions of Articles L. 225-129, L. 225-129-2 and L. 225-130 of the French Commercial Code, who may further delegate such authority, to decide to increase the company's share capital, on one or more occasions, in the proportions and at the times that they deem fit, by incorporating all or part of the reserves, profits, premiums or any other sums that may be capitalised, to be executed through the issue of new free shares or an increase in the par value of the company shares or a combination of these two procedures;
- resolves that the maximum nominal amount of the capital increases performed under this delegation, immediately or in the future, may not exceed a total of forty-eight million four hundred thousand euros (€48,400,000), plus, if applicable, the par value of the additional shares to be issued in order to protect the rights of the holders of securities giving access to the share capital, as required by legal, regulatory and contractual stipulations; it is specified that this amount has been set independently and separately from the caps on capital increases as a result of share or securities issues authorised by Resolutions 18 to 23;
- resolves that this delegation is valid for a period of twenty-six (26) months from the date of this General Meeting;
- resolves that the rights forming fractional shares will be neither tradable nor transferable and that the corresponding shares will be sold; the sums resulting from the sale will be awarded to the holders of the rights as provided for under the legislative and regulatory provisions applicable; and
- resolves that the General Manager, who may further delegate such authority under the conditions stipulated by the legal and regulatory provisions, will have all powers to implement this delegation, specifically for the purposes of:
  (i) determining the terms and conditions of the operations authorised above, and more specifically determining in this respect the amount of sums to be capitalised and the shareholders' equity account or accounts against which they will be drawn,

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(ii) setting the amounts to be issued and the dividend entitlement date, applied retroactively or not, for the securities to be issued,

(iii) making any adjustments in order to take into account the impact of operations on the company's equity,

(iv) setting the terms and conditions under which the rights of holders of securities giving access to the company's equity will be maintained, as relevant, in accordance with the legal and regulatory provisions in force and the contractual provisions in force,

(v) performing, either on its own or through an agent, all acts and formalities to make definitive any capital increases that may be carried out as authorised under this resolution, and

(vi) amending the Articles of Association accordingly and, in general, doing whatever is necessary.

RESOLUTION 17

Authorisation to be granted to the General Manager to reduce the company's share capital through the cancellation of shares

The General Meeting, ruling under the conditions of quorum and majority required for Extraordinary General Meetings, having reviewed the report of the General Manager and the special report of the Statutory Auditors, and in accordance with the provisions of Article L. 225-209 of the French Commercial Code:

- terminates, effective immediately, for the unused portion, the authorisation given by the Combined General Meeting of 5 April 2019
- authorises the General Manager, who may further delegate such authority, for a period of eighteen (18) months from the date of this General Meeting, to cancel, on one or more occasions and at the times he or she deems fit, the shares acquired by the company under the authority of Resolution 13 or any other resolution with the same purpose and same legal basis, within the limit of 10% of the company's share capital per period of twenty-four (24) months, and to reduce the share capital accordingly, on the understanding that this percentage applies to the capital following any adjustments to take into account the impact of transactions subsequent to this General Meeting; and
- authorises the General Manager to allocate the difference between the purchase value of the cancelled shares and their par value to the share premium account or to any available reserves account, including the legal reserve, up to a maximum of 10% of the realised capital reduction.

The General Meeting grants all authority to the General Manager, who may further delegate such authority under the conditions stipulated by the legal and regulatory provisions, to undertake this (these) transaction(s) involving share cancellations and capital reductions, specifically to set the final value of the capital reduction, set the conditions and confirm its fulfilment and undertake the corresponding amendment of the company's Articles of Association, to carry out any formalities, procedures and make any declarations to any public bodies and, in general, to do all that is necessary.

RESOLUTION 18

Delegation of authority to the General Manager to issue shares and/or securities giving access to the company's equity, maintaining the shareholders' preferential right of subscription

The General Meeting, ruling under the conditions of quorum and majority required for Extraordinary General Meetings, having reviewed the report of the General Manager and the special report of the Statutory Auditors, and in accordance with the provisions of Articles L. 225-129, L. 225-129-2 and L. 228-91 et seq. of the French Commercial Code:

- terminates, effective immediately, for the unused portion, the authorisation given by the Combined General Meeting of 5 April 2019;
- delegates to the General Manager, who may further delegate such authority, for a period of twenty-six (26) months as from the date of this General Meeting, the power to decide, on one or more occasions, in the proportions and at the times he or she deems fit, on the issuance, in France or abroad, in euros or in foreign currency, either free of charge or against payment, of company shares and/or securities (including new or existing stock warrants) giving access by any means to the company's equity either immediately or in the future, with maintenance of shareholders' preferential right of subscription; it is specified that this delegation may allow the issue of transferable securities under the conditions provided for in Article L. 228-93 of the French Commercial Code;
- resolves that the maximum nominal amount of the capital increases performed by the company under this delegation, immediately or in the future, may not exceed a total of two hundred and forty-two million euros (€242,000,000), plus, where applicable, the par value of any additional shares to be issued to protect the rights of the holders of securities giving access to the company's equity as required by applicable legal, regulatory and contractual stipulations; it is specified that this amount has been set independently and separately from the caps on capital increases as a result of share and/or other securities issues authorised by Resolutions 16 and 19 to 23;
- resolves furthermore that the nominal amount of all debt securities giving access to the company's share capital, immediately or in the future, liable to be issued under this delegation, may not exceed a total of one billion euros (€1,000,000,000) or the equivalent of this amount on the date of the issuance decision, in the event of issuance in foreign currency or in a unit of account set by reference to several currencies; it is specified that the nominal amount of all debt securities giving access to the company's share capital, immediately or in the future, liable to be issued under this delegation and Resolutions 19 to 22 may not exceed a total amount of one billion euros (€1,000,000,000), the overall cap for all debt securities issuances. This amount is independent of the amount of the debt securities for which issuance is decided or authorised by the General Manager in accordance with Article L. 228-40 of the French Commercial Code.

Shares or securities providing access to the company's equity may be subscribed for either in cash or by offsetting receivables against the company.

Shareholders have a preferential right, in proportion to the value of their shares, to subscribe the shares and securities issued under this resolution. The General Manager may establish, for shareholders, a subscription right on a reducible basis for the shares or securities issued, which will be exercised in proportion to their subscription rights and up to the maximum of their orders.

Consequently, if subscriptions on an irreducible basis and, where applicable, on a reducible basis, have not absorbed the entire issue of shares or securities as defined above, the General Manager may use all or some of the options below, in the order he or she deems appropriate:

- to restrict the issue to the amount of subscriptions, it being specified that in the event of a share issue, this limit may only be applied by the General Manager on condition that the subscriptions amount to at least three-quarters (3/4) of the issue decided;
- to freely distribute all or part of any securities not subscribed on an irreducible basis and, where relevant, on a reducible basis; and
- to offer to the public all or part of the non-subscribed shares on the French and/or international markets and/or abroad.

The General Meeting acknowledges that the authorisation implies, as applicable, in favour of the holders of such securities giving access to the company's equity and may be issued under this delegation, automatic waiver by the shareholders of their preferential subscription right to shares in connection with such securities.

The General Meeting resolves that company stock warrants may be issued by subscription offer, as well as by free allocations to owners of existing shares, and that, in the event of a free allocation of stock warrants, the General Manager will be entitled to resolve that fractional allocation rights will not be negotiable and that the corresponding securities must be sold.

The General Meeting grants complete authority to the General Manager, who may further delegate such authority under the conditions stipulated by the applicable legal and regulatory provisions, for the purposes of implementing this authorisation, and specifically:

- determining the dates, prices and other conditions of the issues as well as the form and features of the transferable securities to be created;
- setting the amounts to be issued and the dividend entitlement date, applied retroactively or not, for the securities to be issued;
- determining the method of payment for the shares or other securities issued and, if applicable, the conditions for their redemption or exchange;
- suspending, if applicable, the exercise of the share allocation rights attached to the securities to be issued, for a period no longer than three (3) months;
- setting the terms and conditions under which the rights of holders of securities providing access to the company's equity will be maintained, as relevant, in accordance with the legal and regulatory provisions in force and the conditions of any contractual provisions providing for other adjustments;
- charging any amounts against the share premium as required, in particular the fees occasioned by the issue, and deducting from this the required 10% of the nominal value of each issue for the legal reserve after each increase;
- undertaking any formalities required for the listing for trading on a regulated market in France or abroad, of the rights, shares or securities issued, and recording both the capital increase or increases resulting from any issuance made through the use of this delegation and providing the financial services of the securities in question and exercise of the corresponding rights;
- deciding, in the event of an issue of transferable securities representing debt securities providing access to the company's equity, subject to the conditions defined by law, whether or not they are subordinated, setting the interest rate and the currency, the maturity, which may be perpetual if applicable, the fixed or variable redemption price with or without premium, the conditions for amortisation based on market conditions, and the conditions under which these securities will give entitlement to shares of the company and the other conditions for issue (including the act of granting guarantees or securities) and amortisation; and
- in general, taking any measure that may be required, entering into any agreements, requesting any authorisations, performing any formalities, and doing whatever is necessary to ensure the successful outcome of the issues planned, or to postpone them, and specifically recording the capital increases resulting from any issue carried out under this delegation, and amending the company's Articles of Association accordingly.

RESOLUTION 19

Delegation of authority to the General Manager to issue, through public offering, shares and/or securities giving access to the company's equity, with waiver of the shareholders' preferential right of subscription and a mandatory priority period for share issues

The General Meeting, ruling under the conditions of quorum and majority required for Extraordinary General Meetings, having reviewed the report of the General Manager and the special report of the Statutory Auditors, and in accordance with the provisions of Articles L. 225-129, L. 225-129-2, L. 225-135, L. 225-136 and L. 228-916 -et seq. of the French Commercial Code:

- terminates, effective immediately, for the unused portion, the authorisation given by the Combined General Meeting of 5 April 2019;
- delegates to the General Manager, which may further delegate such authority, for a period of twenty-six (26) months as from the date of this General Meeting, the power to decide, on one or more occasions, in the proportions and at the times it deems fit, on the issuance of company shares or securities giving access by any means to capital, immediately or in the future, through public offering, in France or abroad, in euros or in foreign currency, with waiver of shareholders' preferential right of subscription. It is specified that this delegation of authority may allow for the issue of transferable securities under the conditions set forth by Article L. 228-93 of the French Commercial Code;
- resolves that the total nominal amount of all debt securities issued under this delegation may not exceed one billion euros (€1,000,000,000), the overall cap for all debt securities under this delegation and Resolutions 18 and 20 to 22, or the equivalent of this amount on the date of the issue decision in the event of issuance in foreign currency or in a unit of account set by reference to several currencies. This amount is independent of the amount of the debt securities for which issuance is decided or authorised by the General Manager in accordance with Article L. 228-40 of the French Commercial Code; and
- resolves that the maximum nominal amount of capital increases liable to be performed by the company immediately or in the future under this delegation may not exceed forty-eight million four hundred thousand euros (€48,400,000). Added to this cap, as necessary, will be the additional par value of the shares or other equity instruments to be issued, in accordance with the applicable legal and regulatory provisions and any applicable contractual stipulations providing for other cases of adjustment, to preserve the rights of holders of securities representing

receivables providing access to the share capital. It is specified that this amount is set independently and separately from the caps on share capital increases as a result of share and/or securities issues authorised under Resolutions 16, 18, and 20 to 23.

Issuances decided under this delegation will be completed through public offering.

This delegation of authority expressly excludes the issue of preference shares or marketable securities giving access by any means to preference shares either immediately or in the future.

Shares or securities providing access to the company's equity may be subscribed for either in cash or by offsetting receivables against the company.

The General Meeting resolves:

- to waive the shareholders' preferential subscription right to the shares and other securities issued under this delegation;
- to grant shareholders, in connection with share issues, a mandatory priority period of at least three (3) trading days for all share issues through a public offering carried out by the General Manager in accordance with Articles L. 225-135, paragraph 5 and R. 225-131 of the French Commercial Code; and
- to delegate to the General Manager the option of granting a similar priority period for other non-equity issues.

A priority subscription period that does not lead to the creation of negotiable rights must be exercised in proportion to the portion of equity owned by each shareholder and could potentially be topped up by a subscription on a reducible basis, in the understanding that unsubscribed shares will be sold to public investors in France or, where applicable, abroad.

In accordance with Article L. 225-136 of the French Commercial Code, the General Meeting resolves that:

- the issue price of shares will be at least equal to the weighted average market price quoted for Covivio Hotels shares on Euronext Paris over the last three trading days preceding the beginning of the public offering as defined in regulation (EU) 2017/1129 of 14 June 2017, less, where applicable, a maximum discount of 10%; and
- the issue price of securities providing access to the share capital (whether immediately or in the future), issued under this delegation will be such that the sum immediately received by the company, plus any amount it might receive subsequently, for each share or other equity security issued as a consequence of the issuance of these securities, will be at least equal to the minimum subscription price defined in the previous paragraph, after a possible adjustment of that amount to cover any difference in dividend eligibility dates.

If subscriptions have not absorbed the entire issue of shares or other securities as defined above, the General Manager may use all or some of the options below, as it deems fit, and in the order he or she deems appropriate:

- limit the issue to the amount subscribed, provided that this is equal to at least three quarters (3/4) of the agreed value of the issue;
- freely distribute all or part of the unsubscribed securities; and
- offer all or part of the unsubscribed securities to the public.

The General Meeting acknowledges that this delegation implies a waiver by the shareholders of their preferential subscription right to the shares or other equity instruments of the company to which the securities to be issued on the basis of this delegation may entitle them.

The General Meeting grants complete authority to the General Manager, who may further delegate such authority under the conditions stipulated by the applicable legal and regulatory provisions, for the purposes of implementing this authorisation, and specifically:

- determining the dates and conditions of the issues as well as the features of the transferable securities and shares to be created or associated with them;
- setting the number of shares and/or other securities to be issued, as well as their terms and conditions, in particular their issue price and, as applicable, the amount of the premium;
- determining the terms of payment for the shares and/or other securities issued;
- setting the dividend entitlement date, with or without retroactive effect, of the securities to be issued and, if applicable, the conditions for their redemption or exchange;
- suspending, as applicable, exercise of the rights attached to the securities for a period of no longer than three (3) months under the limits stipulated by the applicable legal and regulatory provisions;
- setting the conditions to ensure the preservation of the rights of holders of securities or other instruments giving access to the company's equity, in accordance with applicable legal and regulatory provisions and, as necessary, the applicable contractual provisions providing for other adjustments;
- charging any amounts against the share premium as required, in particular the fees occasioned by the issue, and deducting from this the required 10% of the nominal value of each issue for the legal reserve after each increase;
- undertaking any formalities required for the listing for trading on a regulated market in France or abroad, of the rights, shares or securities issued, and ensuring both the capital increase or increases resulting from any issuance made through the use of this delegation and providing the financial services of the securities in question and exercise of the corresponding rights;
- deciding, in the event of the issue of transferable debt securities giving access to the company's equity as provided for under French law, whether these securities should be subordinated or not (and setting their subordination rank where applicable), setting their interest rate, currency, maturity (which may be perpetual), their fixed or variable redemption price (with or without premium), amortisation conditions based on market conditions, conditions under which these securities will entitle holders to company shares, and other conditions concerning their issuance (including the grant of any guarantees or sureties) and amortisation; and
- in general, taking any measure that may be required, entering into any agreements, requesting any authorisations, performing any formalities, and doing whatever is necessary to ensure the successful outcome of the issues planned, or to postpone them, and specifically recording the capital increases resulting from any issue carried out under this delegation, and amending the company's Articles of Association accordingly.

RESOLUTION 20

Delegation of authority to the General Manager in the event of a capital increase with or without a preferential right of subscription, to increase the number of shares to be issued

The General Meeting, ruling under the conditions of quorum and majority required for Extraordinary General Meetings, having reviewed the report of the General Manager and the special report of the Statutory Auditors, and in accordance with the provisions of Articles L. 225-135-1 and R. 225-118 of the French Commercial Code:

- terminates, effective immediately, for the unused portion, the authorisation given by the Combined General Meeting of 5 April 2019;
- authorises the General Manager, who may further delegate such authority under the conditions defined by law, to decide, for each of the issues decided under Resolutions 18 and 19, to increase the number of capital shares and/or securities to be issued in accordance with the conditions provided for by Article L. 225-135-1 of the French Commercial Code at the same price as that of the initial issue;
- resolves that the nominal amount of capital increases decided under this resolution will be deducted from the amount of the cap applicable to the initial issue;

This authorisation is given for twenty-six (26) months as from the date of this General Meeting.

RESOLUTION 21

Delegation of authority to the General Manager to issue shares and/or securities giving access to the company's equity, in order to compensate the contributions in kind granted to the company, consisting of capital securities or securities giving access to the company's equity, with waiver of shareholders' preferential right of subscription

The General Meeting, ruling under the conditions of quorum and majority required for Extraordinary General Meetings, having reviewed the report of the General Manager and the special report of the Statutory Auditors, and in accordance with the provisions of Articles L. 225-129 et seq. of the French Commercial Code, and in particular Article L. 225-147, paragraph 6 of said Code:

- terminates, effective immediately, for the unused portion, the authorisation given by the Combined General Meeting of 5 April 2019;
- delegates to the General Manager, who may further delegate such authority, for a period of twenty-six (26) months as from the date of this General Meeting, the power to decide, based on the report of the contribution auditor mentioned in paragraphs 1 and 2 of Article L. 225-147 of the French Commercial Code, the issue of shares and/or securities giving access by any means to the company's new or existing shares, immediately or in the future, pursuant to Articles L. 228-91 et seq. of the French Commercial Code, to pay for contributions in kind granted to the company consisting of capital shares or securities giving access to equity, when the provisions of Article L. 225-148 of the French Commercial Code do not apply;
- resolves that the maximum nominal amount of the capital increases liable to be performed by the company under this delegation, immediately or in the future, may not exceed 10% of the company's share capital (as at the date of the General Manager's use of this delegation); it is specified that this amount is set independently and separately from the caps on capital increases as a result of share and/or other securities issuances authorised by Resolutions 16, 18 to 20, 22 and 23;
- resolves that the nominal amount of all debt securities issued under this delegation may not exceed one billion euros (€1,000,000,000), the overall cap for all debt securities issued under this delegation and Resolutions 18 to 20 and 22, or the equivalent of this amount on the date of the issue decision in the event of issuance in foreign currency or in a unit of account set by reference to several currencies. This amount is independent of the amount of the debt securities whose issue is decided or authorised by the General Manager in accordance with Article L. 228-40 of the French Commercial Code;
- resolves to waive the preferential subscription right of shareholders to the shares and securities issued under this delegation, as their purpose is solely to compensate contributions in kind and;
- acknowledges that the authorisation implies automatic waiver by the holders of any securities giving access to the company's equity issued under this delegation of their preferential subscription right to shares in connection with such securities.

The General Meeting grants complete authority to the General Manager, who may further delegate such authority under the conditions stipulated by the applicable legal and regulatory provisions, for the purposes of implementing this authorisation, and specifically:

- ruling on the report of the contribution auditors regarding capital contributions;
- defining the terms, conditions and details of the operation, within the limits set by this resolution and applicable legal and regulatory provisions;
- determining the exchange ratio as well as any amount payable in cash;
- recording the number of securities issued in remuneration for the contributions in kind;
- determining the dates and issue conditions, in particular the price and the entitlement date (even retroactive) of the new shares or other equity securities and, if relevant, the securities giving immediate or future access to a proportion of the company's equity, evaluating the contributions and any special benefits that may be granted, and reducing the value of the contributions and any special benefits if agreed by the tenderers;
- recording the difference between the issue price of the new shares and their par value under an "Additional paid-in capital" account, which will cover the rights of all shareholders, in the liabilities section of the balance sheet;
- at their sole initiative, charging the fees for any issuance to the amount of the "Additional paid-in capital" and deducting from this the required 10% of the nominal value of each issue for the legal reserve after each increase; and
- in general, taking any measure that may be required, entering into any agreements (in particular to ensure the successful outcome of the issue), requesting any authorisations, performing any formalities, and doing whatever is necessary to ensure the successful outcome of the issues planned, or to postpone them, and specifically recording the capital increase(s) resulting from any issue carried out under this delegation, amending the company's Articles of Association accordingly, requesting the listing on Euronext Paris of all securities issued under this delegation and ensuring the financial servicing of the securities in question and exercise of the corresponding rights.

RESOLUTION 22

Delegation of authority to the General Manager to issue shares and/or securities giving access to the company's equity, with waiver of shareholders' preferential right of subscription, in the event of a public exchange offer initiated by the company

The General Meeting, ruling under the conditions of quorum and majority required for Extraordinary General Meetings, having reviewed the report of the General Manager and the special report of the Statutory Auditors, and in accordance with the provisions of Articles L. 225-129 et seq., L. 225-148 and L. 228-91 -et seq. of the French Commercial Code:

- terminates, effective immediately, for the unused portion, the authorisation given by the Combined General Meeting of 5 April 2019;
- delegates to the General Manager, who may further delegate such authority, for a period of twenty-six (26) months as from the date of this General Meeting, the power to decide, on one or more occasions, in the proportions and at the times they deem fit, the issue of company shares and/or securities giving access by any means to the company's equity, immediately or in the future, to compensate securities contributed to a public exchange offering launched by the company, in France or (depending on local criteria and regulations) abroad, for shares of another company whose securities are admitted for trading on a regulated market pursuant to Article L. 225-148 of the French Commercial Code;
- resolves to waive, as required, the shareholders' preferential subscription right to the shares and/or securities issued under this delegation;
- acknowledges that the authorisation implies automatic waiver by shareholders, in favour of the holders of any securities issued under this delegation giving access to the company's equity, of their preferential subscription right to shares in connection with such securities;
- resolves that the maximum nominal amount of increases in the Company's share capital made immediately or in the future under this delegation may not exceed forty-eight million four hundred thousand (€48,400,000); it is specified that this amount is set independently and separately from the caps on capital increases as a result of share and/or other securities issuances authorised by Resolutions 16, 18 to 21 and 23; and
- resolves that the nominal amount of all debt securities issued under this delegation may not exceed one billion euros (€1,000,000,000), the overall cap for all debt securities under this delegation and Resolutions 18 to 21, or the equivalent of this amount on the date of the issue decision in the event of issuance in foreign currency or in a unit of account set by reference to several currencies. This amount is independent of the amount of the debt securities for which issuance is decided or authorised by the General Manager in accordance with Article L. 228-40 of the French Commercial Code.

The General Meeting grants complete authority to the General Manager, who may further delegate such authority under the conditions stipulated by the applicable legal and regulatory provisions, for the purposes of implementing this authorisation, and specifically:

- defining the terms, conditions and details of the operation, within the limits set by this resolution and applicable legal and regulatory provisions;
- determining the exchange ratio as well as any amount payable in cash;
- recording the number of securities tendered to the exchange offer;
- determining the dates and issue conditions, in particular the price of the shares to be issued and their dividend entitlement date (possibly retroactive), or where applicable the dates and issue conditions of securities granting access, now or in future, to company shares to be issued;
- taking all required measures to protect the rights of holders of securities or other instruments providing access to the share capital, in accordance with applicable legal and regulatory provisions and any contractual provisions providing for other adjustments;
- recording the difference between the issue price of the new shares and their par value under an "Additional paid-in capital" account, which will cover the rights of all shareholders, in the liabilities section of the balance sheet;
- at their sole initiative, charging the fees for any issuance to the amount of the "Additional paid-in capital" and deducting from this the required 10% of the nominal value of each issue for the legal reserve after each increase;
- performing all required formalities for the rights and shares issued to be listed on a regulated market in France or abroad, providing financial services of the securities in question and ensure the exercise of their attached rights; and
- in general, taking any measure that may be required, entering into any agreements, requesting any authorisations, performing any formalities, and doing whatever is necessary to ensure the successful outcome of the issues planned, or to postpone them, and specifically recording the capital increases resulting from any issue performed through the use of this delegation, and amending the company's Articles of Association accordingly.

RESOLUTION 23

Delegation of authority to the General Manager to carry out capital increases reserved for company employees who are members of a savings plan, with waiver of shareholders' preferential right of subscription

The General Meeting, ruling under the conditions of quorum and majority required for Extraordinary General Meetings, having reviewed the report of the General Manager and the special report of the Statutory Auditors, to enable a capital increase to take place, reserved for employees belonging to a company or group savings plan at a level that remains consistent with the amount of the share capital, and in accordance with the provisions of Articles L. 225-129-2, L. 225-129-6, L. 225-138 et seq. of the French Commercial Code, and L. 3331-1 et seq. of the French Labour Code:

- terminates, effective immediately, for the unused portion, the authorisation given by the Combined General Meeting of 5 April 2019;
- delegates to the General Manager, who may further delegate such authority, for a period of twenty-six (26) months as from the date of this General Meeting, the power to decide, on one or more occasions, in the proportions and at the times they deem fit, on the issuance, in France or abroad, in euros or in foreign currency, either free of charge or against payment, of company shares and/or securities giving access by any means to the company's equity, not to exceed a maximum nominal amount of five hundred thousand euros (€500,000), reserved for members of a company or group savings plan belonging to the company or companies and economic interest groupings linked to the company under the conditions provided for in Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labour Code; it being specified that this amount is set independently and separately from the caps on capital increases resulting from issues of shares or securities authorised under Resolutions 16 and 18 to 22;

- resolves to cancel, in favour of said participants, the preferential right of shareholders to subscribe for shares or securities giving access to the company's equity issued pursuant to this delegation;
- resolves, in accordance with Articles L. 3332-18 to L. 3332-24 of the French Labour Code, that the discount offered may not exceed 30% of the most recent average prices listed for the company's shares over the twenty trading days prior to the date on which the subscription opening date is set, and 40% of the same average when the expected period of unavailability under the plan is ten years or more; however, the General Meeting explicitly authorises the General Manager to cancel or reduce the aforementioned discount, if he or she deems this appropriate, in response, inter alia, to local legal, accounting, tax and social security regimes. The General Manager may also replace all or part of the discount through the allocation of shares or other securities pursuant to the following provisions; and
- resolves that the General Manager may decide the free allocation of shares or other securities giving access to the company's equity, on the understanding that the total benefit resulting from this allocation in respect of the additional contribution or, where applicable, discount from the subscription price, may not exceed the legal and regulatory limits, and that shareholders waive all rights in respect of the shares or other securities giving access to the company's equity that may be issued pursuant to this resolution.

The General Meeting grants complete authority to the General Manager, who may further delegate such authority under the conditions stipulated by the applicable legal and regulatory provisions, for the purposes of implementing this authorisation, and specifically:

- determining, within the above-mentioned limits, the features, amount and conditions for any issue;
- determining that the issues or allocations may be made directly to the beneficiaries or through an intermediate collective body;
- conducting the capital increases resulting from this delegation, up to the cap set above;
- setting the subscription price of the shares in cash pursuant to legal provisions;
- providing, as needed, for the establishment of a new company or group savings plan or the modification of existing plans;
- determining the list of the companies whose employees will be the beneficiaries of the issues conducted under this delegation, set the period for payment of the shares and, as applicable, the seniority required for employees to participate in the operations, within the legal limits;
- making all adjustments in order to take into account the impact of operations on the company's share capital, particularly in the case of a change in the par value of the share, a capital increase through capitalisation of reserves, a free allocation of shares, a stock split or reverse split, a distribution of reserves or any other assets, the amortisation of capital, or any other operation involving shareholders' equity;
- as required, charging the fees incurred by the share capital increases to the amount of the related premiums and deducting from this the required 10% of the nominal value of each issue for the legal reserve after each increase;
- undertaking any formalities necessary for the listing for trading on a regulated market in France or abroad of the rights, shares or securities issued, and ensuring the financial servicing of the securities issued under this delegation and the exercise of the corresponding rights;
- performing, either on its own or through an agent, all acts and formalities to make definitive any capital increases that may be carried out as authorised under this resolution; and
- amending the Articles of Association accordingly and, in general, doing whatever is necessary.

RESOLUTION 24

Powers for formal recording requirements

The General Meeting, ruling under the conditions of quorum and majority required by law, grants complete authority to the bearer of an original, a copy or an extract of these minutes recording its resolutions, in order to fulfil all legal or administrative requirements and to undertake any filings or notifications required by current law.

3.9 Statutory Auditors' report on capital reduction

Combined General Meeting of 3 April 2020

Resolution 17

To the Shareholders,

In our capacity as Statutory Auditors of your company and in compliance with article L. 225-209 of the French code of commercial law in respect of the reduction in capital by the cancellation of repurchased shares, we hereby report on our assessment of the terms and conditions of the proposed reduction in capital.

Your General Manager requests that it be authorised, for a period of eighteen months starting on the date of the present General Meeting, to proceed with the cancellation of shares the company was authorised to repurchase, representing an amount not exceeding 10% of its total share capital by period of twenty four months, in compliance with the article mentioned above.

We carried out the work we deemed necessary in the light of the professional standards of the Compagnie Nationale des Commissaires aux Comptes applicable to this responsibility. The procedures consisted in verifying that the terms and conditions for the proposed reduction in capital, which should not compromise equality among the shareholders, are fair.

We carried out the work we deemed necessary in the light of the professional standards of the Compagnie Nationale des Commissaires aux Comptes applicable to this responsibility. The procedures consisted in verifying that the terms and conditions for the proposed reduction in capital, which should not compromise equality among the shareholders, are fair.

We have no matters to report on the terms and conditions of the proposed reduction in capital.

Signed in Paris-La Défense and Courbevoie, 5 March 2020,

The Statutory Auditors

MAZARS	**ERNST & YOUNG et Autres**
Claire Gueydan	Anne Herbein

3.10 Statutory Auditors' report on the issue of shares and other securities with or without waiver of shareholders' preferential right of subscription

Combined General Meeting of 3 April 2020

Resolutions 18, 19, 20, 21 and 22

To the Shareholders,

In our capacity as your company's Statutory Auditors and in accordance with articles L. 228-92 and L. 225-135 et seq-. of the French Commercial Code, we hereby report to you on the proposals, submitted for your authorisation, for delegation of authority to the General Manager to decide on various issues of shares and/or other securities.

- On the basis of its report, the General Manager proposes:
  - that you authorise it, with power to further delegate such authority, for a period of twenty-six months with effect from the date of this General Meeting, to decide on the following transactions and set the final terms and conditions applicable to these issues and proposes, where applicable, the waiver of your preferential right of subscription:
  - issuance, with maintenance of shareholders' preferential right of subscription (Resolution 18), of shares and/or securities of the company granting access, immediately or in the future, to the company's equity, it being specified that:
    - in accordance with paragraph 1 of article L. 228-93 of the French Commercial Code, the securities to be issued may grant access to equity securities to be issued in any company that holds, directly or indirectly, more than half of the company's equity or in which said company holds, directly or indirectly, more than half the equity,
    - in accordance with paragraph 3 of article L. 228-93 of the French Commercial Code, the securities that are equity securities of the company may grant access to other existing equity securities or give rights to the allocation of debt securities in any company that holds, directly or indirectly, more than half of its equity or in which it holds, directly or indirectly, more than half the equity,
  - issuance, with waiver of shareholders' preferential right of subscription, through a public offering (Resolution 19), of shares and/or securities of the company granting access, immediately or in the future, to the company's equity, it being specified that:
    - in accordance with paragraph 1 of article L. 228-93 of the French Commercial Code, the securities to be issued may grant access to equity securities to be issued in any company that holds, directly or indirectly, more than half of the company's equity or in which said company holds, directly or indirectly, more than half the equity,
    - in accordance with paragraph 3 of article L. 228-93 of the French Commercial Code, the securities that are equity securities of the company may grant access to other existing equity securities or give rights to the allocation of debt securities in any company that holds, directly or indirectly, more than half of its equity or in which it holds, directly or indirectly, more than half the equity,
  - the issue, in the event of a public exchange offer initiated by your company (Resolution 22), of shares and/or other securities of the company granting access, immediately or in the future, to the company's equity;
- that you authorise it, for a period of twenty-six months, with power to further delegate such authority, to issue shares and/or other securities conferring immediate or deferred access to the company's equity, or to other existing or future company equity, for the purpose of remunerating the contributions in kind to the company of shares or other securities conferring access to share capital (Resolution 21), within the limit of 10% of the company's equity.

The maximum nominal amount of the increases in capital that may be carried out immediately or in the future may not exceed €242,000,000 in respect of the Resolution 18 and €48,400,000 in respect of Resolutions 19 and 22. The overall nominal amount of the debt securities that may be issued may not exceed €1,000,000,000 in respect of Resolutions 18, 19, 21 and 22.

These caps take into account the number of additional securities to be created through the implementation of the delegation of authority referred to in Resolutions 18 and 19 under the conditions provided for in article L. 225-135-1 of the French Commercial Code, if you adopt Resolution 20.

It is the General Manager's responsibility to prepare and submit a report in accordance with articles R. 225-113 et seq. of the French Commercial Code. Our role is to report on the fairness of any financial data extracted from the company's financial statements, on the proposal for waiver of existing shareholders' preferential subscription right, and on certain other information relating to the issue of securities provided in that report.

We carried out the work we deemed necessary in the light of the professional standards of the Compagnie Nationale des Commissaires aux Comptes applicable to this responsibility. Our procedures consisted in verifying the content of the report of the General Manager on these operations and the bases of determination of the issue price for equity securities to be issued.

Subject to later examination of the terms and conditions applicable to any issue of securities actually decided on, we have no matters to report with regard to the methods used for determining the issue price for equity securities to be issued as described in the report of the General Manager with regard to Resolution 19.

As the bases of determination of the issue prices for the equity securities to be issued in the framework of Resolutions 18, 21 and 22, have not been specified in the report of the General Manager, we do not express any opinion in their respect.

As the final terms and conditions applicable to any actual issues of securities have not been established, we do not at present express any opinion in their respect nor, therefore, in respect of the proposal of Resolution 19 for the waiver of shareholders' preferential right of subscription.

In accordance with article R. 225-116 of the French Commercial Code, we will prepare an additional report on those matters in the event of any actual use by your General Manager of the proposed delegations of authority for the issue of securities that are equity securities conferring access to other equity securities or providing rights of allocation of debt securities, in the event of the issue of securities providing access to equity securities to be issued, or the issue of shares with waiver of preferential right of subscription.

Signed in Paris-La Défense and Courbevoie, 5 March 2020,

The Statutory Auditors

MAZARS	**ERNST & YOUNG et Autres**
Claire Gueydan	Anne Herbein

3.11 Statutory Auditors' report on the issue of ordinary shares or other securities reserved for the benefit of subscribers to a corporate savings plan

Combined General Meeting of 3 April 2020

Resolution 23

To the Shareholders,

In our capacity as your company's Statutory Auditors and in accordance with articles L. 228-92 and L. 225-135 et seq. of the French Commercial Code, we hereby report to you on the proposal, submitted for your authorisation, for delegation to the General Manager of authority to decide on the issue of ordinary shares and/or securities conferring access to the company's equity, with waiver of shareholders' preferential right of subscription, reserved for the benefit of employees of your company and the companies or economic interest groupings related to your company, within the limit of €500,000 (five hundred thousand euros).

This operation is submitted for your authorisation in accordance with articles L. 225-129-6 of the French Commercial Code and L. 3332-18 et seq. of the French Labour Code.

On the basis of its report, your General Manager proposes that you authorise it, for a period of twenty-six months, to decide on an issue of securities, subject to waiver of your existing preferential right of subscription. The General Manager would also be empowered to decide on the final terms and conditions applicable to any such issue of securities.

It is the General Manager's responsibility to prepare and submit a report in accordance with articles R. 225-113 et seq. of the French Commercial Code. Our role is to report on the fairness of any financial data extracted from the company's financial statements, on the proposal for waiver of existing shareholders' preferential subscription right, and on certain other information related to the issue of securities provided in that report.

We carried out the work we deemed necessary in the light of the professional standards of the Compagnie Nationale des Commissaires aux Comptes applicable to this responsibility. Our procedures consisted in verifying the content of the report of the General Manager on these operations and the bases of determination of the issue price for equity securities to be issued.

Subject to later examination of the terms and conditions applicable to any issue of securities actually decided on, we have no matters to report with regard to the bases of determination of the issue prices for the equity securities to be issued as described in the report of the General Manager.

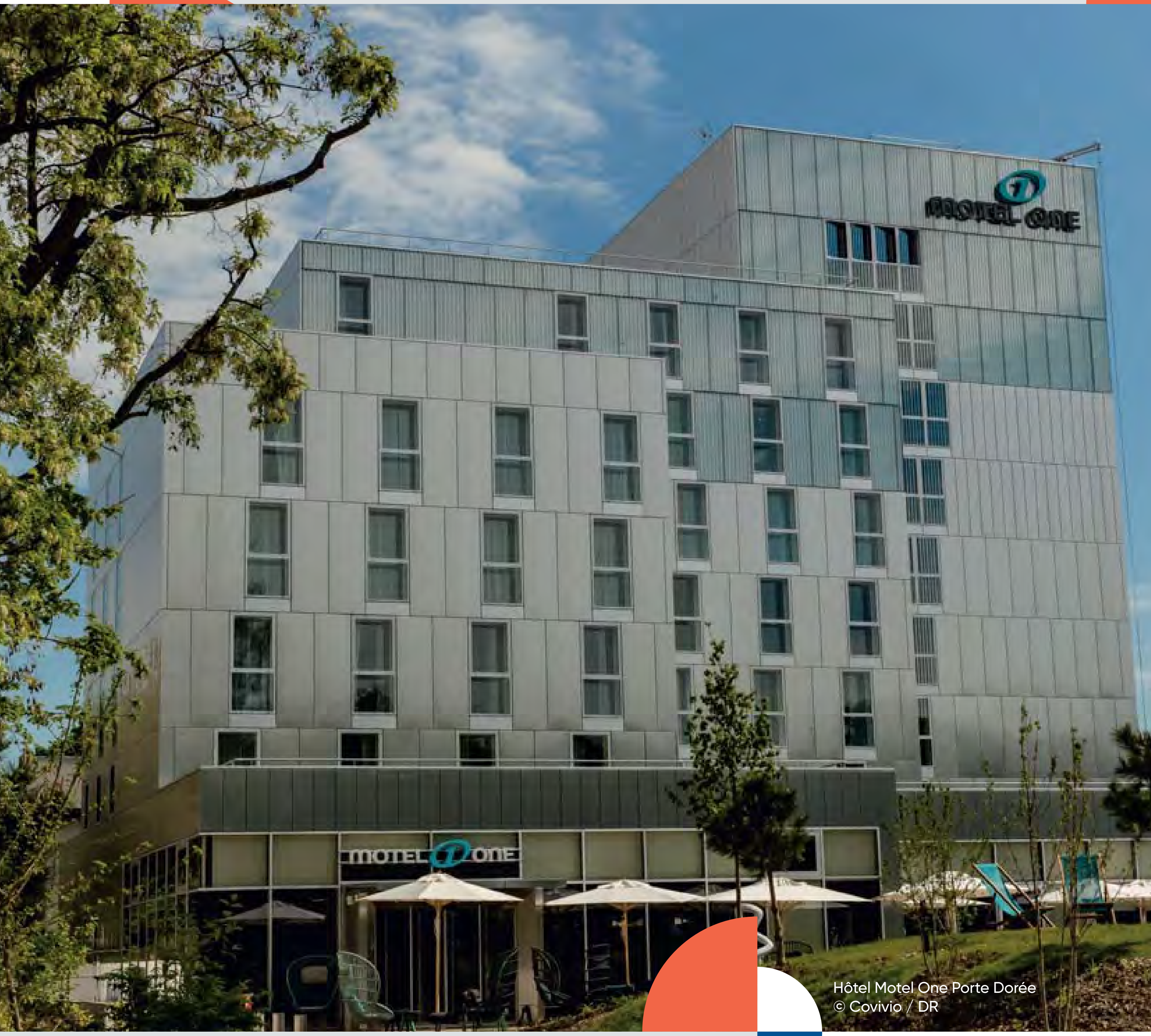
As the final terms and conditions applicable to any actual issue of securities have not been established, we do not at present express any opinion in their respect nor, therefore, in respect of the proposal for waiver of shareholders' preferential right of subscription.

In accordance with article R. 225-116 of the French Commercial Code we will prepare an additional report on those matters in the event of any actual use by the General Manager of the proposed delegation of authority for the issue of shares or other equity securities providing access to the company's equity or other securities providing access to equity securities to be issued subsequently.

Signed in Paris-La Défense and Courbevoie, 5 March 2020

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Claire Gueydan	Anne Herbein



Hôtel Motel One Porte Dorée
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€6.5 billion hotel portfolio

4

Control of the company

4.1 Report by the Supervisory Board to the Combined General Meeting of 3 April 2020

Ladies and Gentlemen,

In accordance with the law and the Articles of Association of the company, the Supervisory Board is required to present a report to the General Meeting on its audit mission with respect to the accuracy and consistency of the financial statements and the main accounting documents of the company.

Since its establishment, the Supervisory Board has been regularly informed by the General Manager of the progress of the business and activity of the company and its Group, and was able, within the framework of the audit mission, to make the verifications that it deemed necessary.

The General Manager has presented to you the financial statements and activity report of the company for fiscal year 2019.

4.1.1 Main highlights of the year

Covivio Hotels, a subsidiary of Covivio, is strengthening its establishment in Europe by investing more than a billion euros in the hotel market and for the first time in Italy, Poland, Hungary and the Czech Republic, while continuing disposals of its non-strategic assets.

€417 million of transactions finalised in 2019 with our current partners in the main European markets

On 1 July 2019, Covivio Hotels acquired an investment of 32% in a portfolio of 32 Accor hotels in France and Belgium for €176 million, including duties. This strategic portfolio, valued at €550 million, is jointly owned with Caisse des Dépôts et Consignations and Société Générale Assurances, which are already long-standing shareholders.

Following this acquisition, Covivio Hotels manages more than 25,000 rooms operated by brands of the Accor Group, Europe's leading hotel operator. Bolstered by its experience, Covivio Hotels will replicate the strategy implemented over the last ten years from its shared portfolio with AccorInvest by identifying the key value drivers together with the operator.

In the first half-year of 2019, Covivio Hotels finalised the acquisition of 2 hotels in the United Kingdom operated by InterContinental Hotels Group (IHG) and a hotel in the Netherlands leased to NH under agreements signed in 2018 for a total of €91 million, at a yield of 5.7%. Leases of 25 and 20 years were signed with these operators, who are leaders in their sectors.

Covivio Hotels performed its 1st transaction in Ireland, with the acquisition, in November 2019, under a management contract, of a 4* Hilton hotel of 120 rooms, located in the centre of Dublin, for €45.5 million and a yield of 6.4%. This hotel will undergo a project to convert meeting rooms into 10 additional rooms by 2021, creating value of more than 10%. This acquisition will enable Covivio Hotels to establish itself in a new European market.

Covivio Hotels performed its 1st transaction in Poland, with the signature of an agreement with B&B Hotels in November 2019, covering the acquisition of 3 existing assets in Lodz, Warsaw and Kraków for €24 million, and on the development of new hotels aiming to double the reception capacity in Poland of Europe's leading independent economy hotel chain.

This new acquisition strengthens the partnership established with B&B Hotels in 2010, by supporting the hotel group in its development in Poland, after France, Spain and Germany.

€32 million of developments delivered in 2019

Over the year, Covivio Hotels has delivered 4 hotels under development: 3 MEININGER hotels in Paris, Lyon and Munich, and a B&B hotel in Cergy. Covivio Hotels also performed €32 million of works over the year, for a total cost price of €108 million and creating value of 31%.

European expansion and a move upmarket in hotel assets were confirmed in 2020 by the acquisition of €573 million of high-profile hotels

At the beginning of January 2020, Covivio Hotels signed an agreement for the acquisition of a portfolio of 8 hotels in Rome, Florence, Venice, Nice, Prague and Budapest, for €573 million (works included), with an objective yield of 5.8% (including 4.7% guaranteed minimum yield). The portfolio is mainly composed of 5-star assets, located in the centres of major European cities.

This transaction includes several high-profile hotels, such as the Palazzo Naiadi in Rome, the Carlo IV in Prague, the hotel Plaza in Nice and the NY Palace in Budapest.

With this significant transaction, which will be completed in the second quarter of 2020, Covivio Hotels is establishing itself in the Italian market. The 3rd largest destination worldwide by number of overnight stays (429 million recorded in 2018), Italy has a varied range of hotels in need of renovation, with a very low penetration rate of major brands (9.6% against 48% in France).

Totalling 1,115 rooms, these hotels will be managed by the NH Hotel Group (held by Minor International) under the brands NH Collection, NH Hotels and Anantara Hotels & Resorts. For this, Covivio Hotels and NH Hotel Group have signed leases of 15 years firm triple net with variable rent and a guaranteed minimum.

€437 million of hotel sales in 2019 improved the quality of the portfolio

Continuing its strategy of moving the portfolio upmarket, over the year, Covivio Hotels sold €437 million in assets (disposals and disposal agreements) based on a yield of 4.9% and generating margin of 17% on new commitments in relation to the appraisal value at the end of 2018. These disposals include primarily:

- a Westin hotel operating property located in Dresden, Germany, for €48.5 million, representing a margin of 8% more than the appraisal value of 31 December 2018. Covivio Hotels will keep the adjacent land reserve, which has strong development potential;
- a portfolio of 88 B&B assets in France, located primarily outside Paris, for €378 million, i.e. €190 million in terms of Group share, with a yield of 5.5%;
- Covivio Hotels also signed an agreement to sell a portfolio of 11 B&B assets located in Germany (€107 million) at a yield of 4.2% and a margin of +39% compared to the 2018 appraisal value.

4.1.2 Overview of activity and results for the year

5.5% growth in hotel values on a like-for-like basis

At end December 2019, the value of the real estate portfolio, Group share, was €5,973 million (€6,693 million at 100%), compared with €5,483 million on 31 December 2018. On a like-for-like basis, the hotel portfolio grew by 5.5%, mainly driven by a squeeze on rates for assets in Germany and France, confirmed by the transactions performed in 2019 and by the development projects delivered during the year (MEININGER Porte de Vincennes, Lyon Zimmermann and Munich, as well as B&B Cergy).

The assets paid an average yield of 5.2%, excluding duties.

With a unique hotel portfolio, located in the centres of major European cities and valued at €7.1 billion post transactions undertaken in 2019, Covivio Hotels is continuing its strategy, initiated 5 years ago, of moving upmarket and diversifying, both geographically and in terms of operators. Over this period, Covivio Hotels has doubled its hotel portfolio, as well as the number of countries in which the Group is present, while strengthening the partnerships in place. Covivio Hotels is now the partner of nearly 18 hotel chains, representing some thirty brands spread over 12 countries in Europe, with a portfolio composed of 75% midscale and upscale establishments.

LTV ratio down

The net debt of Covivio Hotels was €2,329 million in Group share, against €2,208 million on 31 December 2018. The average interest rate rose 17 bps to 2.25%, due to the financing put in place for the acquisition of assets in the United Kingdom. The net debt over EBITDA stands at 8.35 against 8.59 in 2018.

What is more, the Interest Cover Ratio (ICR) stood at 5.10 (compared to 5.82 in 2018).

On 31 December 2019, the average debt maturity was 5.5 years. The Loan To Value (LTV) ratio of 34.9% including duties was down 139 bps over the year. Covivio Hotels also saw an improvement in its S&P rating, going from BBB with a positive outlook to BBB+ with a stable outlook.

EPRA NAV, up by 12.0%, amounts to €3,816 million (or €31.5/share and +9.3% year-on-year), due to the positive effect of the change in the appraisal values. The EPRA Triple Net NAV is at €3,401 million compared to €3,110 million in 2018. Per share, it has increased by 6.7% over 12 months, to stand at €28.1/share.

Growth in Hotel real estate income of 1.2% on a like for like basis

€ millions	Revenue 31/12/2018 100%	Revenue 31/12/2018 Group share	Revenue 31/12/2019 100%	Revenue 31/12/2019 Group share	Var. Group share (%)	Var. Group share (%) LFL [1]
Hotel Lease properties	€208 M	€183 M	€233 M	€213 M	16.2%	0.7%
Hotel Operating properties (EBITDA)	€74 M	€72 M	€70 M	€67 M	- 5.8%	2.3%
TOTAL REVENUES HOTELS	**€283 M**	**€254 M**	**€303 M**	**€280 M**	**10.0%**	**1.2%**
Non-strategic (Retail)	€21 M	€21 M	€12 M	€12 M	- 42.2%	- 1.9%

(1) ON a like-for-like basis.

Operating income in Europe continued to grow over 2019, leading to an increase in hotel income of +1.2% on a like-for-like basis. Performance was driven by Belgium (+4.9%) and by Germany (+2.2%), while France (+0.8%) was behind, affected by the programme of work carried out on our AccorInvest portfolio. This programme of work concerned 39% of the AccorInvest portfolio and should, in the short term, improve the quality of the portfolio and the performance of the renovated hotels.

At the end of December 2019, the firm residual duration of leases in the hotel portfolio amounted to 13.7 years (compared to 13.8 years at the end of 2018), while the occupancy rate remained at 100% across the portfolio.

EPRA Earnings of €209.2 million, up by 5.5%

The EPRA Earnings of €209.2 million (against €198.4 million on 31 December 2018) were up by 5.5%, mainly due to the acquisition of the hotel portfolio in the United Kingdom.

Per share, EPRA Earnings reached €1.74 on 31 December 2019, against €1.78 on the same date in 2018, representing a drop of 2.4%, mainly explained by the capital increase of €299 million made in June 2018 to finance the acquisition in the United Kingdom.

Dividends

At the General Meeting on 3 April next, Covivio Hotels will propose to vote on distribution of a dividend of €1.55 per share paid in cash, stable for a year. This dividend represents a distribution rate of 89% of EPRA Earnings and a yield of 5.4% based on the closing price on 31 December 2019.

4.1.3 Outlook 2020

Covivio Hotels will consolidate its existing portfolio with the integration of the portfolio acquired in 2019, and intends to capitalise on these first transactions to continue its growth in these new markets.

The Supervisory Board has no specific comments to make on the management report of the General Manager and the 2019 results and invites you to approve the financial statements for the 2019 fiscal year, the proposed allocation of net income and the various resolutions that are being presented to you.

Pursuant to Article 14 of the Articles of Association, the Supervisory Board approves all delegations of authority given to the General Manager with respect to capital increases and reductions.

Finally, we would like to thank the General Manager and teams for the work accomplished over the past year.

The Supervisory Board

4.2 Report by the Supervisory Board on corporate governance

To the shareholders,

This report was prepared by the Supervisory Board pursuant to Article L. 226-10-1 of the French Commercial Code and is published along with the report of the General Manager. In accordance with Articles L. 225-37-3 to L. 225-37-5 of the French Commercial Code, adapted as appropriate to limited partnerships, it informs shareholders of the composition of the Supervisory Board and the application therein of the principle of balanced representation of women and men, the conditions of preparation and organisation of its work, compensation of corporate officers, and items that may have an impact in the event of a public offer.

This report also discusses the powers of the general management and its limitations, information on the terms of office held and functions exercised by the corporate officers, the procedure for evaluating existing agreements, procedures for the participation of shareholders at General Meetings, regulated agreements made between a corporate officer or a shareholder holding more than 10% of the voting rights of the company and a company subject to its control in the meaning of article L. 233-3 of the French Commercial Code and a summary of financial delegations in effect for capital increases.

Finally, it presents the diversity policy applied to the members of the Supervisory Board, the objectives of that policy, the terms of its implementation and the results obtained. This description is further supplemented by information on how the company seeks a balanced representation of women and men in the management bodies of the company.

This report was prepared on the basis of the Supervisory Board's deliberations with the assistance of the Corporate M&A Legal Department, the Human Resources department, the Finance department and the Chief Operating Officer, which, for their preparations, referred to the work of the High Commission on Corporate Governance and various recommendations of the AMF.

This report was approved by the Supervisory Board at its meeting on 11 February 2020. It was made public at the time of its publication on the company's website and was certified by the Statutory Auditors in the report on the annual financial statements (see *Section* 3.6).

The Supervisory Board of Covivio Hotels has adopted the Afep-Medef Code as the reference framework for the corporate governance of listed companies. This decision was published by Covivio Hotels on 30 December 2008. Therefore, the company refers to the Afep-Medef Code in its updated version published on 30 January 2020, which can be consulted on the Afep website: https://afep.com/publications/lafep-et-le-medef-publient-une-version-revisee-du-code-de-gouvernances-des-societes-cotees/.

Covivio Hotels continuously analyses the best practices of corporate governance contained in the January 2020 revision of the Afep-Medef Code and strives to follow its recommendations.

In limited partnerships, management is assumed by the General Manager, not a collegiate body, Management Board or Board of Directors. As a result, developments relating to the collective nature of decisions of the Board of Directors and the separation of functions of Chairman of the Board of Directors and Chief Executive Officer cannot be transposed to limited partnerships.

In limited partnerships, the financial statements are prepared by the General Manager, not a collegiate body.

4.2.1 Methods of organisation and operation of the Supervisory Board

4.2.1.1 Missions of the Supervisory Board

The Supervisory Board assumes permanent control over the management of the company as described in Articles L. 226-9 et seq. of the French Commercial Code.

It prepares a report for the Ordinary Annual General Meeting, which approves the Company's financial statements, as well as at the time of any increase or reduction in the share capital proposed to the shareholders.

In addition to the operations already listed in the Internal Regulations that specifically require the Board's prior authorisation, any significant operation requires prior authorisation by the Supervisory Board. They are detailed in Section 4.2.3.2, below, concerning the limitation of the powers of the General Manager.

Furthermore, up to a limit of a certain annual amount it will determine, it may authorise the General Manager to give guarantees in the company's name. Furthermore, it reviews the appointment or reappointment of the Chairman of the Audit Committee.

The Supervisory Board's prior agreement is also required for the appointment or renewal of any General Manager with the exception of the appointment of the first General Manager.

Accordingly, the Supervisory Board has a maximum of twenty (20) days from the notification it received from the limited partners on its plan to appoint or renew and appointment, to give or to refuse its consent.

In the event that, on two successive occasions within a period of two months, the Supervisory Board refuses this consent for two successive candidates, even though the company is without a General Manager and the management is temporarily carried out by the general partners, consent may be given by the Ordinary General Meeting of the Shareholders ruling in the majority, called by the limited partner or partners submitting one of these two candidates only.

In the case where the consent of the Supervisory Board or the General Meeting is not obtained pursuant to the foregoing sections, the general partner or partners shall appoint a third person. If the Supervisory Board does not give its consent to this new person, his or her appointment shall be submitted to the Ordinary General Meeting, which may only refuse its consent on a two-thirds majority of the shareholders present or represented.

If a sale of significant assets is contemplated, the Board and the General Manager assess the strategic interest of the transaction and ensure that the process is conducted in accordance with the corporate interest. To that end, the Board may establish an ad hoc committee. In addition, any significant transaction outside the announced strategy of the company must be approved by the Board.

Moreover, the Supervisory Board strives to promote the creating value by the company over the long-term by considering the social and environmental issues of its activities.

In connection with the strategy that it has defined, it regularly reviews opportunities and financial, legal, operational, social and environmental and other risks and the measures taken as a result. It ensures, where appropriate, the establishment of procedures to prevent and detect corruption and the peddling of influence.

It also ensures that the General Manager implements a policy of non-discrimination and diversity as regards the balanced representation of women and men in the governing bodies.

In this regard, at its meeting on 13 February 2019, the Supervisory Board examined, via the minutes of the Audit Committee meeting of 8 February 2019, risk mapping that showed financial, legal, operational, social, environmental and other risks and the associated action plans, the Group's policies for the prevention and detection of corruption and the peddling of influence and the company's social and environmental challenges.

The Supervisory Board, at its meeting of 11 February 2020, also approved the Supervisory Board's report on corporate governance, which sets out the diversity policy applied to the members of the Board and the company's management.

4.2.1.2 Composition of the Supervisory Board

The Articles of Association state that the Supervisory Board shall be comprised of at least three members appointed by the Ordinary General Meeting of Shareholders (see current composition below) and chosen exclusively from among shareholders who are not partners or the General Manager. The Supervisory Board elects a Chairman from among its members and chooses a Secretary, who may or may not be a member of the Supervisory Board.

The term of office of the members of the Supervisory Board is no more than three years in accordance with Article 12 of the company's Articles of Association, so that shareholders can decide with sufficient frequency on their election and thus comply with the recommendations of the Afep-Medef Code.

At the Combined General Meeting of 7 April 2017 called to decide on the simultaneous renewal of the terms of ten members of the Supervisory Board, the shareholders approved the renewal of all of the members of the Supervisory Board for terms ranging from one to three years. Consequently, starting in 2018, the General Meeting of Shareholders may renew approximately one third of Board members each year.

Reference texts

Covivio Hotels' corporate governance policy reflects the principles and recommendations of the Afep-Medef Code, insofar as they are compatible with the organisation, functioning and position of the company. Covivio Hotels has endeavoured to comply with the governance objectives defined by that Code, particularly as regards the assessment of the Board's work. However, certain provisions of the Code have not yet been fully implemented by the company. In accordance with the provisions of Article L. 225-37-4, paragraph 8, of the French Commercial Code and of Article 28.1 of the Afep-Medef Code relating to the "comply or explain" rule, the exceptions to the implementation of the Code are described in the table, below:

Afep-Medef Code	Covivio Hotels Practices
Independent directors to represent at least one third of the Supervisory Board's members	The share of independent members within the Supervisory Board has been 29% since 21 November 2019. The current shareholder structure, with a main shareholder holding 43.22% of the company's equity and 6 institutional shareholders holding between 5% and 16.5%, bound by a shareholders' agreement concluded on 21 November 2019 which specifies a distribution of seats within the Supervisory Board in proportion to their investment in the company's equity, justifies a rate of independence slightly below the recommendation of the Afep-Medef Code.
Independent directors to represent at least two thirds of the Audit Committee	As Nathalie Robin is no longer considered as independent, the Supervisory Board decided to propose Patricia Damerval, independent member, to join the Audit Committee during the meeting of the Supervisory Board on 3 April 2020, which maintains an independence rate of one third, insufficient with regard to the recommendations of the Afep-Medef Code. However, the choice of Audit Committee members is dictated primarily by their financial and/or accounting skills, which means that all members of the Audit Committee have the skills recommended by the Afep-Medef Code.
Lack of an Appointments and Remuneration Committee	The compensation of the General Manager of Covivio Hotels is determined by the Articles of Association.

The Covivio Hotels corporate governance process is also based on the company's Articles of Association supplemented by the provisions of the Internal Regulations of the Supervisory Board, it being specified that the Internal Regulations of the Board are regularly reviewed to adapt them to changes in governance rules and practices. They were amended by Supervisory Board at the following meetings:

- 15 November 2019: updates following the adoption of the law no. 2019-486 of 22 May 2019 relative to growth and the transformation of companies, known as the Pacte law, which replaced the term "attendance fees" in the legislative texts and updated the guide on the prevention of insider trading attached to the Internal Regulations following the adoption of the law no. 2019-744 dated 19 July 2019 on simplification, clarification and updating of company law.

The complete version of the Articles of Association and the updated Internal Regulations of the Supervisory Board are on the company's website at the following address: https://www.covivio-hotels.fr/gouvernance/conseil-de-surveillance/.

The Supervisory Board is currently comprised of 14 members.

Changes made to the composition of the governance bodies during 2019:

Governance body	Date	Departure	Appointment	Renewal
General Meeting	5 April 2019			Cardif Assurance Vie, represented by Nathalie Robin Covivio represented by Laurie Goudallier Predica, represented by Emmanuel Chabas Generali Vie, represented by Sébastien Pezet.
	30 August 2019	Audrey Camus as permanent representative of Covivio		
	18 October 2019		Laurie Goudallier as permanent representative of Covivio	

As at 31 December 2019, the Supervisory Board had 14 members:

Member's first name and surname or company name	Nationality	Age	Date of first appointment: Legal entity	Date of first appointment: Permanent representative/ Physical person	Date of last renewal	Date of expiry of term of office
Christophe Kullmann	French	54	/	30/11/2004	06/04/2018	2021
Olivier Estève	French	55	/	06/04/2011	06/04/2018	2021
Françoise Debrus	French	59	/	08/04/2009	07/04/2017	2020
Covivio Participations represented by Joséphine Lelong-Chaussier	French	37	18/11/2015	26/10/2018	07/04/2017	2020
Covivio represented by Laurie Goudallier	French	33	30/11/2004	18/10/2019	05/04/2019	2022
Foncière Margaux, represented by Marielle Seegmuller	French	47	13/07/2018	07/04/2017*	/	2020
Predica, represented by Emmanuel Chabas	French	43	30/11/2004	17/02/2016	05/04/2019	2022
ACM Vie, represented by François Morrisson	French	54	30/11/2004	22/03/2011	06/04/2018	2021
Generali Vie, represented by Sébastien Pezet	French	44	30/11/2004	01/11/2008	05/04/2019	2022
Cardif Assurances Vie, represented by Nathalie Robin	French	57	19/02/2008	19/02/2008	05/04/2019	2022
Sogecap, represented by Yann Briand	French	45	06/04/2018	06/04/2018	/	2021
Caisse des Dépôts et Consignations, represented by Arnaud Taverne	French	46	06/04/2018	06/04/2018	/	2021
Patricia Damerval	French	55	/	06/04/2018	/	2021
Jean Luchet	French	75	/	08/04/2009	06/04/2018	2021
Percentage of independent: 29%		**Average age: 51 years**				**Average seniority**
Percentage of women: 43%						

* Marielle Seegmuller, the permanent representative of GFR Kléber, who resigned on 30/05/2018

Impact of the 2019 changes to the governance bodies in terms of diversification:

	Number of members		Percentage of independent		Percentage of women		Average age	
Body	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**
Supervisory Board	14	14	36%	29%*	43%	43%	50	51
Audit Committee	3	3	33%	0%	67%	67%	56	57

* Cardif Assurance Vie represented by Nathalie Robin is no longer considered an independent member of the Supervisory Board since 21 November 2019, the date on which the company concluded a shareholders' agreement relative to Covivio Hotels with Covivio, ACM Vie SA, Predica, Pacifica, Spirica, Generali Vie, Generali Iard, L'Equite, Sogecap and Caisse des Dépôts et Consignations.

Seniority on the Board								
Legal entity	Permanent representative/ Physical Person	Indepen-dence	Main function	Board committees	Attendance at meetings of the Supervisory Board	Attendance at meetings of the Audit Committee	Number of directorships in public companies outside the Covivio Group	Number of shares held at 31/12/2019
/	15.2	NO	Chief Executive Officer of Covivio	/	100%	/	0	2,515
/	8.8 years	NO	Deputy General Manager Officer of Covivio	Member of the Audit Committee	100%	/	0	790
/	10.8 years	NO	Director of Investments of Crédit Agricole Assurances	Chairman of the Audit Committee	100%	100%	3	7
4.2	1.3 years	NO	Head of Corporate Legal M&A of the Covivio Group	/	100%	/	0	1
15.2 years	0.3 years	NO	Chief Digital Officer of Covivio	/	75%	/	0	52,307,218
1.6 years	2.8 years	NO	Director of Operations of Covivio	/	100%	/	0	1
15.2 years	4 years	NO	Head of Real Estate Department of Crédit Agricole Assurances	/	100%	/	3	17,354,019
15.2 years	8.8 years	NO	Equity Manager ACM	/	100%	/	0	9,362,740
15.2 years	11.2 years	NO	Manager in France of Generali Real Estate SpA	/	75%	/	0	8,857,876
12 years	12 years	NO	Head of Real Estate BNP Paribas Cardif	Member of the Audit Committee	100%	100%	2	12,812,548
1.8 years	1.8 years	YES	Head of Real Estate Sogecap	/	100%	/	2	6,234,282
1.8 years	1.8 years	YES	Chief Executive Officer of CDC Investissement Immobilier	/	100%	/	4	6,516,141
/	1.8 years	YES	Deputy General Manager, Pierre and Vacances Center Parcs Group	/	100%	/	0	10
/	10.8 years	YES	Voluntary Chairman of an association	/	50%	/	0	11
9.1 years	**6.5 years**			**Average attendance rate**	**93%**	**100%**		

A list of all expired offices held and functions exercised in each company by each of the corporate officers over the past five years and a biography including the main function performed, a summary of the main areas of expertise and experience and a statement of the number of shares held in the company are presented in Section 4.2.5.

At the next General Meeting of 3 April 2020, the following proposals will be put to shareholders:

- to appoint Najat Aasqui in the capacity of member of the Supervisory Board following the end of the term of office of Françoise Debrus;
- to renew, for a period of 3 years, the terms of office of the following members of the Supervisory Board, which expire in 2020:
  - Foncière Margaux, represented by Marielle Seegmuller,
  - Covivio Participations, represented by Joséphine Lelong-Chaussier.

Profile of Najat Aasqui, whose appointment is proposed to the Combined General Meeting of 3 April 2020

Najat Aasqui

Main function:

Manager of listed shares investment portfolios

Biography

Najat Aasqui holds a DESS postgraduate degree in Banking and Finance (Paris X) and a master's degree in Economics (Lille I). She joined Crédit Agricole Assurances in 2017 as investment manager (private equity and listed shares). In March 2019, she was appointed Head of Investment Portfolios for listed shares & real estate at CAA. Najat previously held several positions in corporate banking, particularly in acquisition finance at Crédit Agricole.

Born on 30 January 1982 in Lille

French national

Business address: 16/18 boulevard de Vaugirard 75015 Paris

Number of shares held: 0

Office held with Covivio Hotels:

Member of the Supervisory Board subject to the approval of her appointment at the Combined General Meeting of 3 April 2020

Date of expiry of the term of office: General Meeting of 2023 to approve the financial statements for the fiscal year ended 31 December 2022

Offices held within the Covivio Group:

None

Offices held outside the Group:

Permanent representative of Predica:

– Member of the Supervisory Board of Altarea Cogedim

– Member of the Supervisory Board of Argan

– Member of the Audit Committee of Argan

– Member of the Appointments and Remuneration Committee of Argan.

Terms of office expired within the last five fiscal years:

None

4.2.1.3 Diversity policy applied to members of the Supervisory Board

The Supervisory Board strives to bring together diversified skills that can contribute real estate and hotel expertise and have sufficient financial expertise to make informed and independent decisions on financial statements and compliance with accounting standards. Close attention is also paid to the quality and complementarity of the career paths of the Supervisory Board's members.

In its current configuration, the Board has a good balance of skills and expertise needed for the proper administration of the company.

The Supervisory Board pays particular attention to its composition, to ensure that it promotes diversity. This diversity is essential for the Board because it is a source of dynamism and performance, thus ensuring the quality of the Board's debates and decisions.

For this reason, it has established a policy for the composition of governance bodies that aims to:

- achieve balanced representation of men and women on the Board;
- combine the skills needed for the development and implementation of the company's strategy;
- secure the continuity of the Board through the regular staggering of terms of office, a policy enacted in 2017;
- promote diversity of skills and experiences.

The composition of the Supervisory Board has therefore significantly changed since 2018, to:

- achieve balanced representation of women and men, with six women and eight men;
- achieve a better rate of independence, with 4 independent members out of 14, i.e. 2 additional independent members compared to 2017;
- strengthen and diversify skills, with the appointment of 3 new members in 2018, and the proposed appointment of Najat Aasqui as a new member at the Combined General Meeting of 3 April 2020, thus bringing a new skill in real estate investment within the Board.

Impact of the 2019 changes to the governance bodies in terms of diversification:

	Number of members		Percentage of independent		Percentage of women		Average age		Average term of office			
									2018		2019	
	2018	2019	2018	2019	2018	2019	2018	2019	Legal entity	Permanent representative/ Physical person	Legal entity	Permanent representative/ Physical person
Supervisory Board	14	14	36%	28%	43%	43%	50	51	8.1 years	6 years	9.1 years	6.5 years
Audit Committee	3	3	33%	0%	67%	67%	56	57	/	9.6 years	/	10.5 years

4.2.1.4 Feminisation

Gender diversity and equality are factors for increasing efficiency and economic and social performance. They are central to the concerns of Covivio Hotels. The Supervisory Board is therefore committed to ensuring balanced representation in its membership.

With 43% female membership on the Supervisory Board, the company meets the legal obligation introduced in 2017. Following the expiry of the term of office of Françoise Debrus, the appointment of Najat Aasqui as new member of the Supervisory Board at the Combined General Meeting of 3 April 2020 will supplement the skills of the Board in matters of real estate investment while maintaining female representation within it.

4.2.1.5 Independence of the members of the Supervisory Board

Each year, the Supervisory Board devotes one item on its agenda to assessing the independence of its members according to the independence criteria applied by the company. In its assessment of the independence of each Board member, the Supervisory Board first considers the criteria set by the Afep-Medef Code, which are key to its analysis and detailed below:

Criterion 1	**Employee corporate officer within the previous 5 years** He or she is not and has not been within the previous five years: ● an employee or executive corporate officer of the Company; ● an employee, executive corporate officer or director of a company that the company consolidates; ● employee, executive corporate officer or director of the parent company of the company or of a company consolidated by that parent company.
Criterion 2	**Cross-holdings of office** He or she is not an executive officer of a company in which the company directly or indirectly holds a directorship or in which an employee appointed as a director or executive corporate officer of the company (currently or within the past five years) holds a directorship.
Criterion 3	**Significant business relationships** He or she is not a significant customer, supplier, commercial banker, investment banker or advisor: ● of the company or its group; ● or for whom the company or its group represents a significant part of activity. Assessment of the significant or otherwise nature of the relationship between the company or its group is discussed by the Board and the quantitative or qualitative criteria supporting this assessment (length, economic dependence, exclusivity, etc.) detailed in the annual report.
Criterion 4	**Family ties** He or she has no close family ties with a corporate officer.
Criterion 5	**Statutory** Auditors He or she has not served as a Statutory Auditor for the company during the past five years.
Criterion 6	**Term of office exceeding 12 years** He or she has not been a director of the company for more than 12 years, The status as independent director will no longer prevail on the 12-year anniversary date.
Criterion 7	**Status of non-executive** officer A non-executive corporate officer may not be considered independent if he or she receives variable compensation in cash or shares or any other compensation related to the performance of the company or the group.
Criterion 8	**Status of significant shareholder** Directors representing significant shareholders in the company or its parent company may be considered independent if these shareholders do not participate in the company's control. Nevertheless, when more than 10% of the company's equity or voting rights are held, the Board, acting upon a report from the Appointments and Remunerations Committee, systematically examines the qualification as independent, taking into account the composition of the company's equity and potential conflicts of interest.

Secondly, in accordance with Article 9.4 of the Afep-Medef Code, beyond merely noting of whether or not these criteria are met, the Board analyses, on a case-by-case basis, whether or not the member of the Board meets the general definition contained in the Afep-Medef Code, which states that a member of the Board is independent if he or she does not maintain any relationships of any kind whatsoever with the company, its group or its management that could compromise the exercise of his or her freedom of judgement. Accordingly, "independent Board member" means not only "non-executive director", that is to say, a director who not only does not exercise a management function in the company or its group, but also lacks a special interest relationship (significant shareholder, employee, other) with them.

More specifically, it seeks to establish whether a member of the Board who could be presumed to be independent under the Afep-Medef Code does not maintain other relationships (professional or personal) that may to hinder his or her freedom of analysis and decision. Conversely, the Board also seeks to establish whether or not a member of the Board, although presumably non-independent with respect to one of the criteria established by the Code, could be considered free from constraints, since in this case the criterion in question generates no loss of independence with regard to the particular situation of the company. This case-by-case analysis is particularly justified by the specific nature of the real estate sector, which focuses on an identified number of players and is led by well-known individuals.

At its meeting on 11 February 2020, the Supervisory Board conducted an annual review of the independence criteria for each member of the Supervisory Board in relation to the criteria set by the Afep-Medef Code. Taking into account the recommendations of the *Autorité des marchés financiers* and the High Committee on Corporate Governance, the Board also assessed, where appropriate, the material or non-material nature of the business relationships between the members of the Supervisory Board and the company or its group, particularly with regard to the type of relationship and amounts involved therein.

The Board has adopted a multi-criteria approach to the material nature of a business relationship, with a focus on qualitative analysis. To this end, it took into account all of the following criteria:

Qualitative criterion	• Significance of the business relationship for the Board member and the company (potential economic dependence, exclusivity or influence of the business relationship within the sector, etc.). • Structure of the relationship, including the position of the member in question concerned in the contracting company (length of the term of office as director, existence of an operational function within the entity concerned, direct decision-making power over the contracts constituting the business relationship, direct interest for the Board member or contract-related compensation paid to the Board member, etc.). • Term and continuity of the business relationship.
Quantitative criterion	• Share of the company's revenues in the business relationship with the entities to which the Board member is related.

Following this examination, in 2020, the Supervisory Board decided to maintain the qualification of independence of Patricia Damerval, Jean Luchet, Sogecap represented by Yann Briand and the Caisse des Dépôts et Consignations, represented by Arnaud Taverne, given the following findings:

- Patricia Damerval has been a member of the Supervisory Board since 6 April 2018. She has never occupied any executive function within Covivio Hotels or a company of its Group or its management. Moreover, she meets all of the independence criteria contained in the Afep-Medef Code;
- Jean Luchet has been a member of the Supervisory Board since 8 April 2009, and has never held any executive position with Covivio Hotels or any of its Group companies or its management. Moreover, he meets all of the independence criteria contained in the Afep-Medef Code;
- Sogecap, represented by Yann Briand, has been a member of the Supervisory Board since 6 April 2018. The situation of Sogecap, whether or not the existing business relationship between the company and the Société Générale Group is significant, was analysed. Following this analysis, it was concluded by the Supervisory Board that the business relationship between the Covivio Hotels Group and the bank is not considered significant for either party, in accordance with the qualitative and quantitative criteria defined above. It was noted that in 2019, the volume of business with this bank, which is one of the investment banks and is also a partner of the Covivio Hotels group, represented a low share of the Group's bank debt, having an extremely low volume in relation to the other banks with which the Group works. Consequently, the Supervisory Board holds that this business relationship is not significant for any of the parties and that Sogecap meets all of the Afep-Medef criteria mentioned above and remains eligible for qualification as an independent member;
- the *Caisse des Dépôts et Consignations*, represented by Arnaud Taverne, has been a member of the Supervisory Board since 6 April 2018. The situation of *Caisse des Dépôts et Consignations*, in particular the significance of the existing business relationship between the company and *Caisse des Dépôts et Consignations* was analysed. Following this analysis, it was concluded by the Supervisory Board that the business relationship that Covivio Hotels has with *Caisse des Dépôts* is not considered material for either party in accordance with the qualitative and quantitative criteria defined above. It was noted that in 2019, the volume of business with this establishment, which is one of the partners of the Covivio Hotels Group, represented a small share of the Group's investments, having an extremely low volume compared to the other investments and partnerships with which the Group works. Consequently, the Supervisory Board holds that this business relationship is not significant for any of the parties and that *Caisse des Dépôts et Consignations* meets all of the Afep-Medef criteria mentioned above and remains eligible for qualification as an independent member.

Also, the Supervisory Board decided that Cardif Assurance Vie represented by Nathalie Robin is no longer considered to be an independent member of the Supervisory Board from 21 November 2019, the date at which Cardif Assurance Vie concluded a shareholders' agreement relative to Covivio Hotels with Covivio, ACM Vie SA, Predica, Pacifica, Spirica, Generali Vie, Generali Iard, L'Equite, Sogecap and *Caisse des Dépôts et Consignations*.

In line with AMF Recommendation No. 2012-02, as revised on 30 November 2018, the table below shows the situation of the independent members of the Supervisory Board and their qualification (or lack thereof) as independent in light of the independence criteria defined by the Afep-Medef Code:

	Criterion 1 Employee officer within the previous 5 years	Criterion 2 Cross-holdings of office	Criterion 3 Significant business relationships	Criterion 4 Family links	Criterion 5 Statutory Auditors	Criterion 6 Term of office exceeding 12 years	Criterion 7 Status of non-executive corporate officer	Criterion 8 Status of significant shareholder	Qualification chosen by the Supervisory Board
Cardif Assurance Vie, represented by Nathalie Robin	X	√	√	√	√	X	N/A	X	Non-independent
Patricia Damerval	√	√	√	√	√	√	N/A	√	Independent
Sogecap, represented by Yann Briand	√	√	√	√	√	√	N/A	√	Independent
Caisse des Dépôts et Consignations, represented by Arnaud Taverne	√	√	√	√	√	√	N/A	√	Independent
Jean Luchet	√	√	√	√	√	√	N/A	√	Independent
Christophe Kullmann	X	X	√	√	√	X	X	X	Non-independent
Olivier Estève	X	X	√	√	√	√	N/A	X	Non-independent
Covivio, represented by Audrey Camus	X	√	√	√	√	X	N/A	X	Non-independent
Covivio Participations represented by Joséphine Lelong-Chaussier	X	√	√	√	√	√	N/A	√	Non-independent
Foncière Margaux, represented by Marielle Seegmuller	X	√	√	√	√	√	N/A	√	Non-independent
Françoise Debrus	√	√	X	√	√	√	N/A	√	Non-independent
Predica, represented by Emmanuel Chabas	X	√	X	√	√	X	N/A	X	Non-independent
ACM Vie, represented by François Morrisson	X	√	X	√	√	X	N/A	√	Non-independent
Generali Vie, represented by Sébastien Pezet.	X	√	√	√	√	X	N/A	√	Non-independent

√ Represents an independence criterion that has been met. X represents an independence criterion that has not been met.

Criteria 1 to 8 refer to the criteria set out in the Afep-Medef Code defined above.

With 29% of the members of the Supervisory Board qualifying as independent, the company no longer complies with the recommendations of the Afep-Medef Code, which is one-third for controlled companies.

4.2.1.6 Ethical guidelines for the members of the Supervisory Board

The provisions relating to the rules of ethics and duties of the members of the Supervisory Board are set out in Article 1.6 of the company's Internal Regulations. This article lays down, in particular, the rules that are binding on members in relation to the declaration and management of conflicts of interest through their duty of loyalty. A copy of the company's Internal Regulations is available to shareholders at the company's registered office and on its website. (https://www.covivio-hotels.fr/gouvernance/conseil-de-surveillance/).

Procedure to prevent conflicts of interest

The Internal Regulations of the Supervisory Board set forth, in Article 1.6.5, for a procedure to prevent conflicts of interest, even a potential one, in the context of the presentation of projects submitted to the Board.

Prior to submitting projects to the Board, if there are serious reasons to believe that a member of the Board is in a situation presenting a conflict of interest, the company's Chief Operating Officer ensures the prevention of any conflict of interest for the latter, by providing the member with information on each of the projects submitted, thus allowing the member to determine in good faith the existence or absence of a conflict of interest. It is further hereby stated that each member of the Board is under an obligation to notify the company's Chief Operating Officer, at all times, of any intention to take a position, directly or indirectly, on any project that he or she believes, in good faith, is likely to interest and be considered by the company. Any member of the Board who fails to confirm the absence of a conflict of interest will not receive the presentation of the investment projects in question and will not be able to participate in the Board meeting during the discussion of the corresponding agenda items.

In the event that, in spite of these precautions, the members of the Board who are the recipients of the Board's projects should consider, on reading then, that they are in a situation of conflict of interest, they shall have to mention it to the Chief Operating Officer as soon as possible before the governance meeting. As such, they will not be able to attend the Board meeting during the discussion of the agenda items subject to the conflict of interest. The Chairman of the Board shall also be notified.

In the event of a conflict of interest occurring during the review of a project, the member in question shall, as soon as he or she becomes aware of it, notify the Chairman. He or she will no longer attend the Board meetings devoted to a discussion of the agenda items relating to that project, and more generally, shall be under a strict duty of confidentiality.

If a conflict of interest situation ceases to exist, the Board member may once again participate in the deliberations of the Board upon receipt by the Chairman of notification that the conflict of interest no longer exists from the member in question.

Any decision by the Board regarding conflicts of interest will be recorded in the Board minutes.

In the context of the presentation and review of the projects submitted to the Board, the company was not aware of any conflicts of interest in 2019.

Skills

Before taking up their duties, Board members must be familiar with the legal or regulatory texts governing their duties, the Company's Articles of Association and the Board's Internal Regulations. In particular, each member of the Board ensures that he or she complies with the laws in force regarding multiple mandates.

Shareholding

The Company shares held by each member of the Board at the time he or she takes office must be recorded in registered form (pure or administered). The same will apply for any shares acquired at a later date.

Transparency

In accordance with the provisions of Article L. 621-18-2 of the French Monetary and Financial Code and the applicable provisions of the General Regulation of the *Autorité des marchés financiers* (AMF), each member of the Board is required to declare to the company and to the AMF any transaction, including any purchase, sale, subscription, conversion, borrowing, lending or exchange transactions that he or she has made on company securities, as well as on any related financial instruments. This declaration must be made within three trading days after the execution of such transactions, where the total amount of the transactions made during the calendar year is greater than €20,000.

Furthermore, any agreement governed by the provisions of Article L. 226-10 of the French Commercial Code is subject to the communication, authorisation and control formalities required by Articles L. 225-38 to L. 225-42 of the same Code.

Duty of loyalty

Each person participating in the work of the Board, whether Board members or permanent representatives of a legal entity Board member, must make their best efforts to determine in good faith whether a conflict of interest exists. Such person is bound to inform the Chairman of the Board thereof as soon as he or she learns of any situation that could constitute a conflict of interest between him- or herself or the company for which he or she is the permanent representative, or any company of which he or she is an employee or corporate officer, or any company of the same group and (ii) the company or any company in its group.

This applies in particular where, for any transaction being considered or undertaken by the company, a member of the Board or a company of which a Board member is an employee or corporate officer might have competing interests or interests opposed to those of the company or the companies within its group.

In such a case, the relevant Board member (or the relevant permanent representative of the legal entity who is a member of the Board) must refrain from participating in the discussions and deliberations of the Board or any committee relating to the transaction, and more generally observe a strict duty of confidentiality.

In case of a standing conflict of interest, the Board member concerned (or the permanent representative of the legal entity Board member concerned) must submit his or her resignation.

Duty of diligence

Each member of the Board is required to devote the time and attention necessary to the performance of his or her duties. He or she must be diligent and, to the extent possible, attend all of the meetings of the Board and, as the case may be, the Audit Committee as well as the General Meetings of Shareholders.

Duty of confidentiality

In the case of non-public information acquired in connection with his or her duties and deemed to be confidential, each person attending to the Board will be bound to professional secrecy, beyond the simple obligation of discretion provided for by Article L. 225-37 of the French Commercial Code, and must strictly preserve its confidentiality. He or she must also refrain from trading company securities pursuant to the rules on insider dealing and from trading securities of companies on which he or she has privileged information due to his or her duties, pursuant to the principles stipulated by the Guide on the Prevention of Insider Trading.

4.2.1.7 Declaration of corporate officers in application of points 12.1 and 12.2 of Appendix 1 of Delegated Regulation (EU) 2019/980 dated 14 March 2019

The current corporate officers of the company have informed the company that:

- they have not been convicted of fraud during at least the last five years;
- none of them have been associated with a bankruptcy, sequestration, liquidation or a company entering receivership over at least the last five years;
- no third-party claim and/or official public sanction has been pronounced against them by the statutory or regulatory authorities, including designated professional bodies (with the exception of the Cardif Assurance Vie [1] and Generali Vie [2]);
- they have not been deprived by a court of the right to serve as a member of an administrative, management or supervisory body, or to participate in the management or conduct of a company's business during at least the last five years;
- they have no family links with a corporate officer of the company;
- they have no knowledge of any potential conflict of interest between their duties to the company and their private interests and/or other duties.

4.2.1.8 Organisation of the Supervisory Board

Governance timetable

The provisional governance timetable for year N+1 is sent to the members and the Statutory Auditors during the meeting of the Supervisory Board called to review the half-yearly financial statements.

Meetings

The Supervisory Board meets as often as the interests of the company require and at least four times per year, once per quarter, and the General Manager provides the Supervisory Board with the following information, taking into account, where appropriate, the activities of the company and its subsidiaries on a consolidated basis:

- at the Supervisory Board meeting held during the second quarter of the fiscal year, the drafts of the consolidated balance sheet, consolidated income statement, consolidated statement of cashflows, and report by the Statutory Auditors on the consolidated financial statements;
- at the Supervisory Board meeting held in the fourth quarter of each fiscal year, an annual consolidated budget as well as the Company's annual cash flow projections and the consolidated cash flow of the company and its subsidiaries;
- at each of the quarterly meetings, a business report, comprising all the elements determined by the Supervisory Board, and a description of major events that occurred during the previous quarter.

More generally, the General Manager should provide the Supervisory Board with the same documents as those given to the Statutory Auditors as well as any document or information that the Supervisory Board may reasonably request.

Form of notice of the meeting

Except in an emergency, the members of the Board must be called to a meeting at least one week prior to the date of the Board meeting. Meetings of the Supervisory Board are held at the company's registered office or any other location indicated in the notice of meeting.

Other attendees

The representative of the General Manager attends meetings of the Board as a guest.

The Statutory Auditors are called to the meetings at which the annual and half-yearly, parent company or consolidated financial statements are reviewed together with the members of the Supervisory Board.

Depending on the items on the agenda, the Chairman may deem it useful to invite employees or outside consultants to attend.

Information for the members of the Board

The company provides the members with the information they need to effectively participate in the Board's work in order to enable them to perform their role in appropriate conditions. This ongoing information must include all relevant items concerning the company, including press releases issued by the company, as well as the major press articles and financial analysis reports concerning it.

At each Board meeting, the Chairman informs the members of the main facts and significant events affecting the company's business since the previous Board meeting. In addition, files containing the necessary information and documents are prepared before each meeting and delivered with reasonable advance notice to the members attending the Board meeting to enable them to fulfil their mission (including all documents relating to the transactions to be examined by the Board and that allow it to assess their importance). Each participant may be sent all documents he or she considers useful.

Finally, the Board is also regularly informed through the Audit Committee of the Group's financial position, cash position and commitments.

(1) Decision of the Sanctions Committee No. 2013-03 bis on 7 April 2014 (unclaimed life insurance contracts): rebuke and €10 million financial penalty.
(2) Generali Vie was sanctioned on 24 July 2015 by the Autorite de Controle Prudentiel et de Resolution (rebuke and financial penalty of €5 million) which considered that the effectiveness and robustness of Generali Vie's control mechanism over the period between 2009-2012 in the fight against money laundering and financing of terrorism could be improved. Generali Vie was not under any circumstances sanctioned for money laundering or financing of terrorism. The Company has not caused injury to any customer. This audit resulted in a 2-year improvement plan, approved by the ACPR and which ended in late 2017.

On 18 December 2018, the Supervisory Board decided to use a digital platform that made governance files available in a secure and dematerialised manner starting in 2019, thus ensuring the historical management of the Supervisory Board's and Audit Committee's documentation (records, minutes, Internal Regulations, governance calendar, etc.) in complete confidentiality.

Board deliberations

The Supervisory Board validly deliberates only if at least one half of its members are present. In compliance with the applicable laws and regulations, the meetings of the Supervisory Board may be held via videoconference or telecommunication or any other method allowed under the law or regulations, under the conditions defined by the Internal Regulations adopted by the Supervisory Board.

Decisions are adopted by a majority of the members present or represented. In the event of a tied vote, the meeting's Chairman has the casting vote.

The deliberations of the Supervisory Board are recorded in minutes prepared by the Secretary of the Board at the end of each meeting. After approval, they are transcribed in the register of minutes of Board meetings.

4.2.1.9 Evaluation of the Supervisory Board's work

The Board assesses its ability to meet the expectations of shareholders who have entrusted it with the mandate of managing the company, periodically reviewing its composition, organisation and working methods, which also involves a review of its Audit Committee.

In accordance with the provisions of the Afep-Medef Code, the Board holds an annual discussion on its working methods and the working methods of its Audit Committee and carries out a formal evaluation at least every three years, with the help of an external consultant.

The assessment of the Board's work aims to review the Supervisory Board's working methods (and, where appropriate, the relevance of the governance procedures implemented by the company), verify that important matters are correctly prepared and discussed, and may also allow for an opinion on the measure of each Board member's actual contribution to the Board's work.

In accordance with the recommendations of the Afep-Medef Code, at the end of the 2019 fiscal year, the company performed a formal evaluation of the capacity of the Supervisory Board to meet the expectations of shareholders who gave them the task of managing the company, reviewing its composition, organisation, and working methods, on the basis of a questionnaire addressed to each member of the Supervisory Board and the Audit Committee.

The results of this evaluation were presented to the Board on 11 February 2020.

The summary of the replies showed a very positive overall assessment of the functioning of the Board and Committee and produced the following results:

- well structured Supervisory Board;
- good understanding of the strategy;
- the quality of debate;
- respect between members, freedom of expression;
- good relationships between the members of the Board;
- an efficient Audit Committee: composition, organisation and quality of work.

The evaluation proposed improvements, notably on 2 topics:

- structure/composition of the Board: improve the skills of the Board as regards international experience in line with the composition of our portfolio;
- content of debate:
  - provide more time to CSR issues,
  - inform the Board of the company's policy in matters of gender equality at work and diversity of the managerial bodies.

4.2.1.10 Meetings and subjects discussed by the Supervisory Board in 2019

During the 2019 fiscal year, the Supervisory Board met four times, convened by its Chairman. The average attendance rate of the members was 93%. The rate of attendance of each member was:

Member of the Supervisory Board	Attendance rate of the Supervisory Board
Christophe Kullmann	100%
Olivier Estève	100%
Françoise Debrus	100%
Joséphine Lelong-Chaussier, permanent representative of Covivio Participations	100%
Laurie Goudallier, permanent representative of Covivio (from 18 October 2019)	75%
Marielle Seegmuller, permanent representative of Fonciere Margaux	100%
Emmanuel Chabas, permanent representative of Predica	100%
François Morrisson, permanent representative of ACM Vie	100%
Sébastien Pezet, permanent representative of Generali Vie	75%
Nathalie Robin, permanent representative of Cardif Assurance Vie	100%
Patricia Damerval	100%
Yann Briand, permanent representative of Sogecap	100%
Arnaud Taverne, permanent representative of Caisse des dépôts et consignations	100%
Jean Luchet	50%
Average rate	**93%**

Whenever certain Board members were unavailable to attend meetings, the Chairman of the Board or General Manager presented to them the files examined at prior meetings, collected their comments and shared them with the Board.

In addition to issues relating to its legal or regulatory powers, the Supervisory Board regularly rules on the Group's strategy and on major decisions affecting its business (both acquisitions or disposals and internal restructuring). In particular, the Board's work involved a review of the following points.

Meeting of 13 February 2017

Highlights of the year – Review of the parent company and consolidated financial statements at 31 December 2018 and the financial press release – Minutes of the Audit Committee meeting – Statutory Auditors' opinion – Proposed payment of dividends – Presentation and approval of several contribution transactions – Presentation of the business report – Presentation and authorisation of several financing transactions – Governance and General Meeting: approval of the report from the Chairman of the Supervisory Board on corporate governance and the report from the Supervisory Board, evaluation of the independence of the members of the Supervisory Board, presentation of the agenda and draft resolutions to the Combined General Meeting of 3 April 2019.

Meeting of 5 April 2019

Monitoring the decisions of the previous Supervisory Board – Approval of an investment project – Presentation of the business report – Presentation and authorisation of a financing transaction – Presentation of governance following the Combined General Meeting of 5 April 2019.

Meeting of 12 July 2019

Monitoring the decisions of previous Supervisory Boards – Presentation of highlights of the 1st half year – Examination of the consolidated half-yearly financial statements as of 30 June 2019 – Presentation and approval of development and disinvestment projects – Presentation of the business report – Presentation and authorisation of several financing transactions.

Meeting of 15 November 2019

Monitoring the decisions of previous Supervisory Boards – Presentation of the strategy – News on the acquisition and disposal transactions in progress – Presentation of the budget: outcome 2019 and budget 2020 – Governance: presentation of the development of governance and certain provisions of the Internal Regulations, notably in accordance with the Pacte law and the simplification of company law, the evaluation of the functioning of the Supervisory Board, annual authorisation to give surety, endorsements or guarantees, establishment of a procedure for regularly evaluating whether routine agreements concluded at normal conditions fulfil these conditions in accordance with the Pacte law, presentation and approval of the development of the charter on regulated agreements, notably in accordance with changes to the recommendations of the AMF and following the adoption of the procedure for the evaluation of routine agreements concluded under normal conditions, presentation of regulated agreements authorised during previous fiscal years for which execution continued in 2019 and reminder of obligations incumbent on persons exercising managerial responsibilities and persons who are closely related to them.

4.2.2 Specialised committee contributing to the work of the Supervisory Board

As part of the application of the principles of corporate governance and to improve the quality of its work, the Supervisory Board relies on an Audit Committee, which is in charge of monitoring issues relating to the preparation of and control of accounting and financial information, by submitting a notice of proposals and recommendations.

Since Covivio Hotels is a subsidiary controlled by Covivio, which defines and implements an overall remuneration policy for the Group, the Supervisory Board did not consider it useful, at the company level, to set up an Appointments Committee or Remuneration Committee.

In addition, the General Manager's remuneration in the partnership limited by shares (SCA) is defined by the Articles of Association.

The Internal Regulations of the Supervisory Board determine the powers and operating procedures of the Audit Committee, which reports to the Board (via its Chairman) on its work, opinions, proposals or recommendations.

A description of the activities of this Committee is included each year in this report.

The composition of the Audit Committee is as follows:

Audit Committee
Françoise Debrus, Chair
Nathalie Robin
Olivier Estève

The regulation of its missions, composition and structure is governed by Articles L. 823-19 et seq. of the French Commercial Code. The company's Internal Regulations comply with the provisions on the Audit Committee stipulated by the aforementioned articles.

4.2.2.1 Composition

The Audit Committee includes three members.

As Nathalie Robin is no longer considered as an independent member of the Board, the rate of independence is insufficient with regard to the recommendations of the Afep-Medef Code. However, the Supervisory Board decided to propose that Patricia Damerval, independent member, rejoins the Audit Committee at the meeting of the Supervisory Board of 3 April 2020, thus changing the rate of independence. However, the choice of Audit Committee members is dictated primarily by their financial and/or accounting skills, which means that all members of the Audit Committee have the skills recommended by the Afep-Medef Code.

Françoise Debrus, Chair of the Audit Committee, has specific financial and accounting skills because of her functions as Chief Financial Officer of the Caisse Régionale de l'Ile de France within the Crédit Agricole Group.

Nathalie Robin has specific skills in financial and accounting matters through her functions as Real Estate Director within Cardif Assurances Vie.

Olivier Estève also has skills of the same nature related to his various functions within Covivio and in particular in his capacity as Deputy General Manager since 31 January 2011.

No member of the Audit Committee is also an executive corporate officer.

4.2.2.2 Functioning

The Audit Committee meets at the initiative of its Chair or at the request of the Chairman of the Board of Directors or the General Manager. It meets at least twice a year to review the half-yearly and annual financial statements.

Attendance by at least half of the members of the Audit Committee is necessary for a quorum.

The Audit Committee reports on its work at the following Board meeting.

The Audit Committee has an average of two days to review the financial statements before they are reviewed by the Board.

In the exercise of its duties, the Audit Committee may hear, when it considers it necessary, the Statutory Auditors, the General Manager, the Finance, Accounting and Treasury Department, the Internal Audit Department or any other manager, if necessary, without the General Manager being present. It may use the services of external experts as required.

The opinions of the Audit Committee are adopted by simple majority vote of the members present or represented.

4.2.2.3 Missions

The duties of the Committee comply with the provisions of Article L. 823-19 of the French Commercial Code.

Under the terms of Article 2.3 of the Internal Regulations, the Audit Committee must monitor matters related to the preparation and control of accounting and financial information. In particular, it is responsible for:

- monitoring the process of preparing financial information and, where applicable, making recommendations to ensure its integrity;
- reviewing the accounting methods and conditions for valuing the assets of the Group;
- reviewing the draft parent company and consolidated financial statements prepared by the General Manager before their presentation to the Board: this review must be accompanied by a presentation by the General Manager describing the exposure to risks, including those of a social and environmental nature, and significant off-balance sheet commitments of the company;
- preparing Board decisions on the monitoring of internal audits;
- monitoring the effectiveness of internal control and risk management systems. It also oversees the internal audit, particularly with regard to procedures relating to the preparation and processing of accounting, financial and non-financial information. In this capacity, it gives its opinion on the organisation of the Internal Audit and Internal Control department;
- monitoring the statutory audit of the annual and consolidated financial statements by the Statutory Auditors;
- ensuring the independence of the Statutory Auditors;
- reviewing the service agreements entered into between the company and those who hold a direct or indirect investment in the company;
- reviewing appointment proposals involving the Statutory Auditors and issuing recommendations on the Statutory Auditors to be proposed for approval by the General Meeting;
- ensuring oversight of the management of the information to be provided to the shareholders and the markets and verification of its clarity;
- giving their approval for services other than the certification of the financial statements provided by the Statutory Auditors to the company before such services are commissioned;
- examining the additional report of the Statutory Auditors drawn up pursuant to the provisions of Article 11 of Regulation (EU) No. 537/2014.

The Audit Committee reports to the Board of Directors on its work, expresses any opinions or suggestions it deems advisable, and informs the Board of any points that require a Board decision.

In performing its tasks, the Audit Committee may examine the scope of the consolidated companies and, where applicable, the reasons for which companies are not included. It may use the services of external experts as required.

In addition, one or more meetings between the Statutory Auditors and/or the Chief Financial Officer and the members of the Audit Committee alone, without the presence of the General Manager of the company, may be held, but no such request was made by any member of the Committee in 2018.

4.2.2.4 Work of the Audit Committee in 2019

The Audit Committee met twice, with an 100% attendance rate by its members.

Members of the Audit committee	Attendance rate at Audit Committee meetings
Françoise Debrus	100%
Nathalie Robin	100%
Olivier Estève	100%
Average rate	**100%**

The Audit Committee's review of the financial statements was accompanied by a presentation by the Statutory Auditors outlining the key points not only of the results, but also of the accounting options used and by a presentation by the Chief Operating Officer describing the exposure to risks, including those of a social and environmental nature, and significant off-balance sheet commitments of the company. The Audit Committee works in consultation with the Internal Audit and Internal Control department, which attends all meetings. It discusses operational risk perception and any changes to it over time with it.

At its meetings, the Audit Committee examined the following issues:

Meeting of 8 February 2019

Presentation of 2018 highlights – Update on property appraisals – Examination of the parent company and consolidated financial statements for the year ended 31 December 2018 – Presentation of the work performed by the Internal Audit and Internal Control department – Report on the renewed appointment of the Statutory Auditors.

Meeting of 9 July 2019

Presentation of the highlights of the 1st half-year – Update on half-yearly real estate appraisals – Examination of the consolidated accounts at 30 June 2019 – Update on the work of audit and internal control over the period.

4.2.3 General Management of the company

4.2.3.1 Powers of the General Manager

The General Manager assumes the management of the company and as such is vested with the broadest powers to act in all circumstances on behalf of the company.

The General Manager of the company, Covivio Hotels Gestion, is appointed for a term of six years, which was renewed at the Supervisory Board meetings of 9 February 2010 and 9 February 2016 for a period of six years expiring at the end of the meeting of the Supervisory Board to review the management report on the activities of the company for the fiscal year ending 31 December 2021.

It may delegate part of the powers belonging to it to one or more persons, employed or not by the company and with or without a contractual relationship to it. Such delegation does not affect its duties and responsibilities with respect to the exercise of such powers.

It also chairs the various General Meetings of the company and implements the authorisations and delegations of authority conferred upon it by the General Meeting.

4.2.3.2 Limitations of the powers of the General Manager

The General Manager acts within the limits of the corporate purpose and subject to the powers expressly granted by law or by the Articles of Association to the Shareholder Meetings and the Supervisory Board.

In accordance with Article 14 of the Articles of Association, prior authorisation of the Board, acting with a 3/5 majority, is required for the following transactions:

(i) subscription to bank borrowings;

(ii) purchase of buildings or equity investments;

(iii) divestments;

(iv) granting of any guarantee, comfort letter or pledge.

it being understood that the transactions mentioned in paragraphs (i) to (iv) are subject to such prior authorisation where their amount exceeds €10 million.

Where their amount does not exceed €50 million, the Supervisory Board may authorise it in a single deed signed by the members of the Supervisory Board ruling by a 3/5 majority.

4.2.3.3 Role of the Executive Committee in the operation of the General Management

The General Management of the company is structured around the Executive Committee of Covivio. This committee, at the heart of the corporate governance system, is a forum for reflection, consultation and decision-making on the Group's major strategies. It aims at ensuring coordination and consultation between its members whenever a transaction or an important decision affecting the general approach of the company or Group must be considered or taken. In particular, it is consulted for each major decision or transaction concerning governance, monitoring of subsidiaries and holdings, and financial/asset turnover policies. It validates all investment and disposal files whose value exceeds €5 million. In addition, its members are in charge of implementing the CSR objectives of the Group within their particular area of responsibility in coordination with the Sustainable Development Department.

The Executive Committee is composed of 11 members (27% women), including representatives from all of the Group's "country" and "product" activities:

- Christophe Kullmann – Chief Executive Officer of Covivio;
- Olivier Estève – Deputy General Manager of Covivio;
- Dominique Ozanne – Deputy General Manager of Covivio/Chief Executive Officer of Covivio Hotels;
- Marjolaine Alquier – Head of Internal Audit and Internal Control of Covivio;
- Daniel Frey – Co-Head Germany in charge of Property Management, corporate functions, finance and governance;
- Marcus Bartenstein – Co-Head Germany in charge of development, acquisitions, disposals and Asset Management;
- Alexei Dal Pastro – General Manager Italy;
- Laurie Goudallier – Chief Digital Officer of Covivio;
- Yves Marque – Chief Operating Officer of Covivio;
- Tugdual Millet – Chief Financial Officer of Covivio;
- Marielle Seegmuller – Director of Operations France.

4.2.3.4 Diversity policy applied to the General Management

The fight against discrimination and the promotion of diversity are strong commitments of the Covivio Group and are implemented through a non-discrimination and diversity policy, especially in terms of the balanced representation of women and men in the governing bodies of the company. The Covivio Group signed the Diversity Charter in 2010 and the Global Compact in 2011 and the General Management is convinced that diversity, namely the variety of human profiles within the Group, is a factor that favours innovation, performance and quality of life within the company. The Human Resources department is committed to diversifying the talent profiles that support the Group's growth. The Group also encourages a greater presence of women in management and seeks to guarantee women employment conditions equivalent to those of men, notably through analysing pay differentials between people in the same profession in cooperation with employee representative bodies.

The distribution within the workforce is stable: 58.4% at the end of 2019, against 58.5% at the end of 2018. In managerial functions, the company has achieved gender equality: 50% of managers were women on 31 December 2019, against 49.2% at the end of 2018.

In 2019, the share of women within the Executive Committee of Covivio dropped following the departure of the Development Director France and the splitting of the role of CEO Germany between two male co-Heads. At year end, it reached 27% against 36% in 2018 (and that within the France Executive Committee was 44% against 50% in 2018). The share of women in the 10% of positions with the highest responsibility is 40.6%, against 48.5% in 2018.

In 2017, Covivio launched the ex-aequo programme with the objective of fostering the promotion of women within the Group. It consists of two main components:

- actions to raise awareness among all employees about gender equality through surveys and information meetings;
- a mentoring programme designed to support and guide women who wish to receive guidance on their professional career and benefit from the support of a mentor who is a member of the European Management team.

4.2.4 Compensation of corporate officers

4.2.4.1 Policy on the remuneration of corporate officers (ex-ante vote)

Under the ex-ante vote specified by article L. 226-8-1 II of the French Commercial Code, the remuneration policy applicable to the General Manager and to other members of the Supervisory Board is the subject of draft resolutions (resolutions 5 and 6) subject to the approval of the Combined General Meeting of 3 April 2020 and the unanimous consent of the partners. This policy will be subject, each year and during each important change in the remuneration policy, to a vote of the General Meeting and the unanimous consent of the partners.

4.2.4.1.1 Remuneration policy applicable to the General Manager, Covivio Hotels Gestion

4.2.4.1.1.1 Composition of the remuneration of the General Manager

In accordance with article 11 of the Articles of Association, the General Manager, executive corporate officer according to the Afep-Medef code, is entitled to annual remuneration for its functions of €1 million, the said remuneration being indexed annually based on changes to the Syntec index ascertained on 31 December of the previous year. The reference index is the index at 31 December 2008.

The General Manager has the right to be reimbursed for all the expenses and cost of any nature arising from the use of external service providers, carried out in the interest of the company or the companies it controls, directly or indirectly, within the meaning of Article L. 233-3 of the French Commercial Code.

The General Manager, a legal entity, does not benefit from any variable or exceptional remuneration or other benefits. Consequently, the fixed part of the remuneration of the General Manager is predominant, because it represents 100% of the remuneration.

The remuneration policy applicable to the General Manager does not allow for any derogation in the event of exceptional circumstances.

Also, it specifies, in application of article R. 226-1-1 of the French Commercial Code, that the General Manager does not benefit:

- from any share-based remuneration;
- from any elements of remuneration, compensation or benefits due or likely to be due as a result of cessation or change of functions, or subsequent to this, or conditional rights granted as retirement commitments;
- from any commitment or conditional rights;
- from any commitment relating to the granting of non-compete compensation.

The General Manager is appointed for a period of 6 years expiring at the end of the meeting of the Supervisory Board responsible for hearing the management report on the business of the company held during the year during which his/her/its term of office will expire. It is automatically renewable for further periods of 6 years except in the case of a contrary decision by one or more partners and subject to the approval of the Supervisory Board.

The General Manager may be dismissed at any time for incapacity or for any other reason by unanimous decision of the partners. Each General Manager may also be dismissed for legitimate reasons by court decision.

The General Manager receives remuneration that has remained identical for more than 10 years, a period during which the company has undergone significant development. This remuneration complies with the corporate interest of the company and has contributed to its viability.

4.2.4.1.1.2 Process of decision-making for determining, revising and implementing the remuneration of the General Manager

The remuneration of the General Manager was initially fixed at the Combined General Meeting of Shareholders of 8 April 2009. It was applied continuously and has not been modified since 2009.

The Articles of Association specify that no other remuneration may be assigned to the General Manager in respect of its functions, without having been previously decided by the Ordinary General Meeting after the unanimous agreement of the partners.

This modification must be subject to an advisory opinion from the Supervisory Board.

In application of article L. 226-8-1 of the French Commercial Code, the elements of this remuneration policy applying to the General Manager were approved by the limited partners after the advisory opinion of the Supervisory Board meeting held on 11 February 2020.

Also, it specifies, in application of article R. 226-1-1 of the French Commercial Code, that:

- Covivio Hotels does not have a Remuneration Committee, given the statutory remuneration of the General Manager, however any change to this remuneration must be the subject of a prior opinion from the Supervisory Board;
- the decision-making process put in place within the company implying a dual level of approval, after a prior opinion from the Supervisory Board as mentioned above, by the limited partners and the General Meeting, avoids any conflict of interest;
- given the structure of the remuneration of the General Manager, a legal entity, taking into account the remuneration and employment conditions of employees of the company is not applicable.

4.2.4.1.2 Remuneration policy applicable to members of the Supervisory Board

4.2.4.1.2.1 Composition of the remuneration of members of the Supervisory Board

The remuneration of the members of the Supervisory Board, non-executive corporate officers according to the Afep-Medef Code, is composed of a fixed part and a variable part. The amount fixed by the General Meeting corresponding to the overall amount allocated to the remuneration of members of the Supervisory Board is €57,000.

The criteria for distributing the remuneration are as follows:

- the fixed part is allocated to each member of the Supervisory Board according to the function exercised within the Board and, where applicable, the Audit Committee; and
- the variable part is based on a flat rate per meeting, reflecting the actual participation of each member of the Board in the work of the Board and its Committee.

Attendance at Board meetings

Fixed annual portion allocated to the Chairman	€3,000
Fixed annual portion allocated to each member	€1,500
Variable portion allocated to the Chairman and each member	€400

Attendance at Audit Committee meetings

Fixed annual portion allocated to the Chairman	€1,000
Variable portion allocated to the Chairman and each member	€300

The variable share of the remuneration of members of the Supervisory Board is predominant, representing 69% of the total remuneration allocated to them.

The following elements are specified:

- the variable portion is paid even when a member took part in a meeting by videoconference or telecommunications;
- following his/her appointment and/or resignation, the Board member receives the fixed share of his/her remuneration on a pro rata basis over the fiscal year;
- the amount paid to each member of the Board is, where applicable, lowered by a given percentage in such a way that the overall amount actually paid remains within the maximum budget allocation fixed by the General Meeting;
- tax and social-security deductions are paid directly by the company to the tax authorities.

In accordance with the provisions of the Internal Regulations, the members of the Board are entitled to reimbursement, upon proof, of travel expenses for meetings of the Board and Committee.

The remuneration policy applicable to members of the Supervisory Board does not allow for any derogation in the event of exceptional circumstances or for the company to demand repayment of the variable remuneration. Neither does it specify any postponement periods or performance criteria.

Also, it is specified, in application of article R. 226-1-1 of the French Commercial Code, that the members of the Supervisory Board do not benefit:

- from any share-based remuneration;
- from any elements of remuneration, compensation or benefits due or likely to be due as a result of cessation or change of functions, or subsequent to this, or conditional rights granted as retirement commitments;
- from any commitment or conditional rights;
- from any commitment relating to the granting of non-compete compensation.

The remuneration allocated to members of the Board compensates their participation in the work of the Supervisory Board and the Audit Committee set up within it, as well as their liability incurred in the control of the company. It is intended to attract and retain high-quality professionals, capable of maintaining the balance required in skills and expertise considered necessary to exercise appropriate control of the company and in accordance with the diversity policy determined by the Supervisory Board.

The duration of their functions is three years or more. It ends at closure of the Ordinary General Meeting called to approve the financial statements of the elapsed fiscal year and held in the year during which their term of office expires; members of the Supervisory Board can be reappointed. The members of the Supervisory Board may be dismissed under the conditions specified by the law.

4.2.4.1.2.2 Process of decision-making for determining, revising and implementing the remuneration of the Supervisory Board

The policy on the remuneration of members of the Supervisory Board, including the procedures for dividing the remuneration, are defined in article 1.9 of the Internal Regulations of the Board. It is allocated by the Supervisory Board, which determines the maximum overall amount of remuneration to submit for the approval of the General Meeting of Shareholders.

The maximum annual amount of the budgetary allocation is authorised by the General Meeting.

The Ordinary and Extraordinary General Meeting of 24 April 2007 allocated to the Supervisory Board a total gross annual amount of €57,000 for the current fiscal year and subsequent fiscal years, until it takes a new decision. The procedures for dividing this remuneration amongst the members of the Board were adopted by the Supervisory Board meeting of 15 December 2005.

In application of article L. 226-8-1 of the French Commercial Code, the elements of this remuneration policy applying to members of the Supervisory Board were approved by the Supervisory Board meeting of 11 February 2020.

Also, it specifies, in application of article R. 226-1-1 of the French Commercial Code, that:

- the decision-making process put in place within the company involves a dual level of approval by the limited partners and the General Meeting, to avoid conflicts of interest;
- given the structure of the remuneration of the members of the Board, the consideration of conditions for the remuneration and employment of employees of the company is not applicable.

4.2.4.2 Implementation of the remuneration policy for corporate officers for the year ending 31 December 2019 ("overall ex-post vote")

In the context of the "overall" ex-post vote specified by article L. 226-8-2 I. of the French Commercial Code, the information mentioned in item I of article L. 225-37-3 of the French Commercial Code is the subject of a draft resolution (resolution 7) subject to the approval of the Combined General Meeting of 3 April 2020 and the unanimous consent of the partners.

4.2.4.2.1 Remuneration paid and/or allocated to the General Manager on a consolidated scope in respect of the fiscal year ending 31 December 2019

4.2.4.2.1.1 Information mentioned in I of article L. 225-37-3 of the French Commercial Code (except item 5)

In accordance with the remuneration policy applicable to the General Manager presented above, a payment was made by the company for the year ending 31 December 2019 to Covivio Hotels Gestion for its term of office as General Manager exercised within the company, consisting of total fixed remuneration of €1,188,405.80. No other remuneration was allocated to it in respect of its term of office for this fiscal year.

It should be noted that Covivio Hotels Gestion did not benefit from any of the following for the year ending 31 December 2019:

- any variable or exceptional element or other benefit of any kind whatsoever;
- any element of remuneration, compensation or benefit pursuant to the assumption, cessation or change of functions or subsequent to the exercise of such functions, notably any commitments for pensions or any other lifetime benefit.

Fixed remuneration therefore represents 100% of total remuneration.

The ratios between the level of remuneration of the General Manager and (i) firstly, the average remuneration on a full-time equivalent basis of employees of the company other than corporate officers, and (ii) secondly, the median remuneration on a full-time equivalent basis of employees of the company (other than corporate officers) are not relevant for Covivio Hotels, as the General Manager is a legal entity. Consequently, the information required by items 6 and 7 of article L. 225-37-3 of the French Commercial Code, can be found in the remuneration section of Covivio's Universal Registration Document.

4.2.4.2.1.2 Remuneration paid or allocated to the General Manager by a company included in the consolidation scope according to the meaning of article L. 233-16 of the French Commercial Code (item 5 of article L. 225-37-3 I. of the French Commercial Code)

Covivio Hotels Gestion does not receive any remuneration from a company included within its consolidation scope in the meaning of article L. 233-16 of the French Commercial Code.

It should be noted that Covivio Hotels Gestion is represented by Dominique Ozanne, Chairman, who does not receive remuneration from Covivio Hotels. His remuneration is paid by Covivio, the parent company of Covivio Hotels, for his office of Deputy General Manager. Covivio Hotels forms part of the consolidation scope of Covivio.

Table 1

Name and function of the executive corporate officer Dominique Ozanne: Deputy General Manager of Covivio, Chairman of Covivio Hotels Gestion, General Manager of Covivio Hotels	2018		2019	
	Amounts assigned for 2018	Amounts paid in 2018	Amounts assigned for 2019	Amounts paid in 2019
Remuneration *(detailed in Table 2)*	750,518	315,518	814,220	811,220
Valuation of other long-term remuneration plans	0	0	0	0
Valuation of options assigned during the fiscal year	None	None	None	None
Valuation of performance shares assigned during the year *(detailed in table 6)* **	360,675	324,520	360,000	360,675
TOTAL	**1,111,193**	**640,038**	**1,174,220**	**1,171,895**

* Since the allocation of performance shares in fiscal year N is delayed until N+1, for the purposes of the accuracy and completeness of the information provided, Table 1 distinguishes between amounts paid and those due for each fiscal year.

** The valuation of the shares does not include the portion of the bonus paid in free shares, already included, where applicable, in Table 2.

Note: The share valuations are calculated by an independent expert

Table 2

Name and function of the executive corporate officer Dominique Ozanne: Deputy General Manager of Covivio, Chairman of Covivio Hotels Gestion, General Manager of Covivio Hotels	2018		2019	
	Amounts assigned for 2018	Amounts paid in 2018	Amounts assigned for 2019	Amounts paid in 2019
Fixed remuneration	300,008	300,008	360,000	360,000
Annual variable remuneration (1)	435,000	N/A	438,000	435,000
Annual variable remuneration	0	0	0	0
Extraordinary remuneration	0	0	0	0
Remuneration allocated pursuant to the office of Director	0	0	0	0
Benefits in kind (company car and GSC-type unemployment insurance, etc.)	15,510	15,510	16,220	16,220
TOTAL	**750,518**	**315,518**	**814,220**	**811,220**

(1) The variable amount due for 2018 of €435 thousand is composed of €360 thousand paid in cash during 2019 and 1,188 free shares allocated in 2019.

The variable amount due for 2019 of €438 thousand is composed of €360 thousand paid in cash during 2020 and 1,074 free shares allocated in 2020, subject to approval by the General Meeting on 22 April 2020.

Table 4

Share subscription or purchase options allocated during the fiscal year to each executive corporate officer

Options granted to each executive corporate officer by the issuer and by any company of the Group (list by name)	No. and date of the plan	Type of options (purchase or subscription)	Valuation of the options based on the method used for the consolidated financial statements	Number of options assigned during the fiscal year	Exercise price	Exercise period
Dominique Ozanne	None	None	None	None		

Table 5

Share subscription or purchase options exercised during the fiscal year by each executive corporate officer

Options exercised by the executive corporate officers (list by name)	No. and date of plan	Type of options exercised during the fiscal year	Exercise price
Dominique Ozanne	None	None	None

Table 6

Performance shares allocated to each executive corporate officer*

Performance shares allocated during the fiscal year to each executive corporate officer by the issuer and by any company in the Group (list by name)	Date of plan	Number of shares allocated during the fiscal year*	Valuation of the shares based on the method used for the consolidated financial statements (1)	Vesting date	Date available	Performance conditions
Dominique Ozanne	20/02/2019	7,500	€48.09	20/02/2022	20/02/2022	- 50% = overall stock market performance compared to EPRA - 50% = rate of achievement of individual goals
Dominique Ozanne	20/02/2019	1,188**	€63.12	20/02/2022	20/02/2022	

* Pursuant to year N- 1.
** Upside portion of bonus, paid in shares without performance conditions.
(1) Value of the share calculated by an independent expert.

Table 7

Performance shares becoming available during the fiscal year for each executive corporate officer

Free shares becoming available for the executive corporate officers (list by name)	Plan date	Number of shares available during the fiscal year	Vesting conditions	Vesting date
Dominique Ozanne	23/11/2016	2,735	Attendance conditions	23/11/2019
Dominique Ozanne	22/11/2017	26,500	Attendance conditions	22/11/2019

4.2.4.2.1.3 Summary tables on the remuneration of the executive corporate officers established in accordance with appendix 4 of the Afep-Medef Code

The information and the tables below:

- give a summary presentation of the elements of the total remuneration and benefits of all kinds paid or allocated during the fiscal year ending 31 December 2019 to Covivio Hotels Gestion, General Manager, in its capacity as the sole executive corporate officer;
- were established in accordance with the Afep-Medef Code in its revised version of January 2020;
- respect the recommendation from the French financial markets authority (AMF) no. 2012-02 (updated on 3 December 2019), on "*Corporate governance and remuneration of the executive officers of companies referring to the Afep-Medef Code – Consolidated presentation of the recommendations contained within the annual reports of the AMF*" ("AMF recommendation").

Table 1

Summary table of remuneration and options and shares assigned to the General Manager (the only executive corporate officer) – Nomenclature from the Afep-Medef Code

Name and function of the executive corporate officer Covivio Hotels Gestion: General Manager	2018	2019
Remuneration assigned for the fiscal year *(detailed in table 2)*	€1,187,527.61	€1,188,405.80
Valuation of options assigned during the fiscal year (detailed in table 4)	None	None
Valuation of performance shares allocated during the fiscal year (detailed in table 6)	None	None
Valuation of other long-term remuneration plans	None	None
TOTAL	**€1,187,527.61**	**€1,188,405.80**

Table 2

Summary table of remuneration of the General Manager (the only executive corporate officer) – Nomenclature from the Afep-Medef Code

	2018		2019	
Name and function of the executive corporate officer Covivio Hotels Gestion: General Manager	Amounts assigned	Amounts paid	Amounts assigned	Amounts paid
Fixed remuneration	€1,187,527.61	€1,187,527.61	€1,188,405.80	€1,188,405.80
Annual variable remuneration	None	None	None	None
Extraordinary remuneration	None	None	None	None
Remuneration allocated pursuant to the office of Director	None	None	None	None
Benefits in kind	None	None	None	None
TOTAL	**€1,187,527.61**	**€1,187,527.61**	**€1,188,405.80**	**€1,188,405.80**

Table 4

Share subscription or purchase options allocated during the fiscal year to the General Manager (the only executive corporate officer) by the issuer and by all companies of the Group – Nomenclature from the Afep-Medef Code

(list by name)	No. and date of plan	Type of options (purchase or subscription)	Valuation of the options based on the method used for the consolidated financial statements	Number of options assigned during the fiscal year	Exercise price	Exercise period
Covivio Hotels Gestion	None	None	None	None	None	None

Table 5

Share subscription or purchase options exercised during the fiscal year by the General Manager (the only executive corporate officer) – Nomenclature from the Afep-Medef Code

(list by name)	No. and date of plan	Number of options exercised during the fiscal year	Exercise price
Covivio Hotels Gestion	None	None	None

Table 6

Performance shares allocated during the fiscal year to the General Manager (the only executive corporate officer) by the issuer and by all companies of the Group – Nomenclature from the Afep-Medef Code

(list by name)	No. and date of plan	Number of shares allocated during the fiscal year	Valuation of the shares based on the method used for the consolidated financial statements	Vesting date	Date of availability	Performance conditions
Covivio Hotels Gestion	None	None	None	None	None	None

Table 7

Performance shares that have become available during the fiscal year for the General Manager (the only executive corporate officer) – Nomenclature from the Afep-Medef Code

(list by name)	No. and date of plan	Number of shares available during the fiscal year Vesting conditions Vesting date
Covivio Hotels Gestion	None	None

4.2.4.2.2 Remuneration paid and/or assigned to the members of the Supervisory Board on a consolidated scope pursuant to the year ending 31 December 2019

4.2.4.2.2.1 Information mentioned in I of article L. 225-37-3 of the French Commercial Code (except item 5)

In accordance with the remuneration policy applicable to members of the Supervisory Board presented above, during the fiscal year ending 31 December 2019, the company paid, to members of the Supervisory Board and Audit Committee set up within it, total gross remuneration of €27,300 whose breakdown is specified in paragraph 4.2.4.2.2.3. below. The average gross remuneration per member of the Supervisory Board was €3,033.

The remuneration paid to a physical person member of the Supervisory Board is subject to a single outright deduction of 12.8% and to social-security deductions of 17.2%, representing a total deduction of 30%, i.e. a total amount of €3,240. These deductions are paid directly by the company to the tax administration.

It should be noted that the following members of the Supervisory Board have waived all of their remuneration pursuant to their appointments as members of the Supervisory Board and, where applicable, as members of the Audit Committee:

- Christophe Kullmann and Olivier Estève, since 1 January 2015; and
- Predica, represented by Emmanuel Chabas and Françoise Debrus, and Generali Vie represented by Sébastien Pezet, since 1 January 2019.

It should be noted that the members of the Supervisory Board did not benefit from any of the following pursuant to the fiscal year ending on 31 December 2019:

- any exceptional element or other benefit of any kind whatsoever;
- any element of remuneration, compensation or benefit pursuant to the assumption, cessation or change of functions or subsequent to the exercise of such functions, notably any commitments for pensions or any other lifetime benefit.

The proportion relative to the fixed remuneration therefore represents 31% of the total remuneration.

The Supervisory Board of the company, having a proportion of women of 43%, is compliant with the provisions of article L. 225-18-1 of the French Commercial Code.

4.2.4.2.2.2 Remuneration paid or assigned to members of the Supervisory Board by a company included in the consolidation scope according to the meaning of article L. 233-16 of the French Commercial Code (item 5 of article L. 225-37-3 I. of the French Commercial Code)

Amongst the members of the Supervisory Board of Covivio Hotels:

- Christophe Kullmann, Chairman of the Supervisory Board of Covivio Hotels, also has the function of Chief Executive Officer and Director of Covivio, the parent company of Covivio Hotels, and receives remuneration for this;
- Olivier Estève also has the function of Deputy General Manager of Covivio and receives remuneration for this.

Covivio Hotels forms part of the consolidation scope of Covivio. It should be noted that the elements of remuneration received by Christophe Kullmann and Olivier Estève for the offices mentioned above are paid by Covivio.

Table 1*

Name and function of the executive corporate officer Christophe Kullmann: Chief Executive Officer, Chairman of the Supervisory Board of Covivio Hotels	2018 Amounts assigned for 2018	2018 Amount paid in 2018	2019 Amounts assigned for 2019	2019 Amount paid in 2019
Remuneration (detailed in Table 2)	1,499,931	1,446,931	1,606,969	1,556,969
Valuation of other long-term remuneration plans	0	0	0	0
Valuation of options assigned during the fiscal year	None	None	None	None
Valuation of the performance shares allocated (detailed in table 6)**	601,125	602,680	930,000	601,125
TOTAL	**2,101,056**	**2,049,611**	**2,536,969**	**2,158,094**

* since the allocation of performance shares in fiscal year N is delayed until N+1, for the purposes of the accuracy and completeness of the information provided, Table 1 distinguishes between amounts paid and those due for each fiscal year.

** The valuation of the shares does not include the portion of the bonus paid in free shares, already included, where applicable, in Table 2.

Note: The share valuations are calculated by an independent expert

Table 2

Name and function of the executive corporate officer Christophe Kullmann: Chief Executive Officer of Covivio, Chairman of the Supervisory Board of Covivio Hotels	2018 Amounts assigned for 2018	2018 Amounts paid in 2018	2019 Amounts assigned for 2019	2019 Amounts paid in 2019
Fixed remuneration	600,000	600,000	700,000	700,000
Annual variable remuneration (1)	820,000	767,000	870,000	820,000
Multi-annual variable remuneration	0	0	0	0
Extraordinary remuneration	0	0	0	0
Remuneration allocated pursuant to the office of Director (Beni Stabili)	43,592	43,592	0	0
Benefits in kind (company car, GSC type unemployment insurance, etc.)	36,339	36,339	36,969	36,969
TOTAL	**1,499,931**	**1,446,931**	**1,606,969**	**1,556,969**

(1) The variable amount due for 2018 of €820 thousand is composed of €600 thousand paid in cash during 2019 and 3,485 free shares allocated in 2019.
The variable amount due for 2019 of €870 thousand is composed of €700 thousand paid in cash during 2020 and 2,340 free shares allocated in 2020, subject to approval by the General Meeting on 22 April 2020.

Table 1*

Name and function of the executive corporate officer Olivier Estève: Deputy General Manager of Covivio, Member of the Supervisory Board of Covivio Hotels	2018 Amounts assigned for 2018	2018 Amount paid in 2018	2019 Amounts assigned for 2019	2019 Amount paid in 2019
Remuneration *(detailed in Table 2)*	776,238	810,238	936,552	816,541
Valuation of other long-term remuneration plans	0	0	0	0
Valuation of options assigned during the fiscal year	None	None	None	None
Valuation of performance shares assigned during the fiscal year *(detailed in table 6)* **	360,675	370,880	400,000	360,675
TOTAL	**1,136,913**	**1,181,118**	**1,336,552**	**1,177,216**

* Since the allocation of performance shares in fiscal year N is delayed until N+1, for the purposes of the accuracy and completeness of the information provided, Table 1 distinguishes between amounts paid and those due for each fiscal year.

** The valuation of the shares does not include the portion of the bonus paid in free shares, already included, where applicable, in Table 2.

Note: The share valuations are calculated by an independent expert.

Table 2

Name and function of the executive corporate officer Olivier Estève: Deputy General Manager of Covivio, Member of the Supervisory Board of Covivio Hotels	2018 Amounts assigned for 2018	 Amounts paid in 2018	2019 Amounts assigned for 2019	 Amounts paid in 2019
Fixed remuneration	360,000	360,000	400,000	400,000
Annual variable remuneration (1)	378,000	412,000	498,000	377,989
Multi-annual variable remuneration	0	0	0	0
Extraordinary remuneration	0	0	0	0
Remuneration allocated pursuant to the office of Director	0	0	0	0
Benefits in kind (company car and GSC-type unemployment insurance, etc.)	38,238	38,238	38,552	38,552
TOTAL	**776,238**	**810,238**	**936,552**	**816,541**

(1) The variable amount due for 2018 of €378 thousand is composed of €360 thousand paid in cash during 2019 and 285 free shares allocated in 2019.
The variable amount due for 2019 of €498 thousand is composed of €400 thousand paid in cash during 2020 and 1,349 free shares allocated in 2020, subject to approval by the General Meeting on 22 April 2020

Table 4

Share subscription or purchase options allocated during the fiscal year to each executive corporate officer

Options granted to each executive corporate officer by the issuer and by any company of the Group (list by name)	No. and date of plan	Type of options (purchase or subscription)	Valuation of the options based on the method used for the consolidated financial statements	Number of options assigned during the fiscal year	Exercise price	Exercise period
Christophe Kullmann	None	None	None	None		
Olivier Estève	None	None	None	None		

Table 5

Share subscription or purchase options exercised during the fiscal year by each executive corporate officer

Options exercised by the executive corporate officers (list by name)	No. and date of plan	Type of options exercised during the fiscal year	Exercise price
Christophe Kullmann	None	None	None
Olivier Estève	None	None	None

Table 6

Performance shares allocated to each executive corporate officer*

Performance shares allocated during the fiscal year to each executive corporate officer by the issuer and by any company in the Group (list by name)	Plan date	Number of shares allocated during the fiscal year*	Valuation of the shares based on the method used for the consolidated financial statements (1)	Vesting date	Date available	Performance conditions
Christophe Kullmann	20/02/2019	12,500	€48.09	20/02/2022	20/02/2022	- 50% = overall stock market performance compared to EPRA - 50% = rate of achievement of individual goals
Christophe Kullmann	20/02/2019	3,485**	€63.12	20/02/2022	20/02/2022	
Olivier Estève	20/02/2019	7,500	€48.09	20/02/2022	20/02/2022	
Olivier Estève	20/02/2019	285**	€63.12	20/02/2022	20/02/2022	

* Pursuant to year N- 1

** Upside portion of bonus, paid in shares without performance conditions

(1) Value of the share calculated by an independent expert

Table 7

Performance shares becoming available during the fiscal year for each executive corporate officer

Free shares becoming available for the executive corporate officers (list by name)	Plan date	Number of shares that became available during the fiscal year	Vesting conditions	Vesting date
Christophe Kullmann	27/04/2016	17,184	Continued service requirement + relative stock market performance requirement (1/2) and target achievement requirement (1/2)	27/02/2019
Olivier Estève	27/04/2016	9,307		27/02/2019

Also, ACM Vie, member of the Supervisory Board of Covivio Hotels, is a Director of Covivio and receives remuneration for this office presented in the table in paragraph 4.2.4.2.2.3. below.

All detailed information on Covivio's corporate officer remuneration policy can be found in the Covivio Universal Registration Document available on www.covivio.fr.

4.2.4.2.2.3 Summary table on the remuneration of non-executive corporate officers established in accordance with appendix 4 of the Afep-Medef Code

The information and the table below:

- give a summary presentation of the elements of the total remuneration and benefits of all kinds paid or allocated during the fiscal year ending 31 December 2019 to each member of the Supervisory Board, in their capacity as non-executive corporate officer;
- were established in accordance with the Afep-Medef Code in its revised version of January 2020 and the AMF recommendation.

Table on the remuneration of non-executive corporate officers paid and/or allocated by Covivio Hotels and the companies included within the consolidation scope of Covivio – Nomenclature from the Afep-Medef Code

	Year ended 31/12/2018		Year ended 31/12/2019	
Non-executive corporate officers	Amounts assigned	Amounts paid	Amounts assigned	Amounts paid
Christophe Kullmann, Chairman of the Supervisory Board				
Remuneration (fixed, variable) for the office of Chairman of the Supervisory Board of Covivio Hotels	0	0	0	0
Other remuneration for the office of Chief Executive Officer of Covivio	€2,101,056	€2,049,611	€2,536,969	€2,158,094
Other remuneration for the office of Director of Covivio	0	0	0	0
Total	**€2,101,056**	**€2,049,611**	**€2,536,969**	**€2,158,094**
Olivier Estève				
Remuneration (fixed, variable) for membership of the Supervisory Board of Covivio Hotels	0	0	0	0
Other remuneration for the office of Deputy General Manager of Covivio	€1,136,913	€1,181,118	€1,336,552	€1,177,216
Total	**€1,136,913**	**€1,181,118**	**€1,336,552**	**€1,177,216**
Covivio represented by Laurie Goudallier [1]				
Remuneration (fixed, variable) for membership of the Supervisory Board of Covivio Hotels	€3,500	€3,500	€2,700	€2,700
Other remuneration	0	0	0	0
Total	**€3,500**	**€3,500**	**€2,700**	**€2,700**
Foncière Margaux represented by Marielle Seegmuller [1]				
Remuneration (fixed, variable) for membership of the Supervisory Board of Covivio Hotels	€2,350	€2,350	€3,100	€3,100
Other remuneration	0	0	0	0
Total	**€2,350**	**€2,350**	**€3,100**	**€3,100**
Covivio Participations represented by Joséphine Lelong-Chaussier [1]				
Remuneration (fixed, variable) for membership of the Supervisory Board of Covivio Hotels	€3,000	€3,000	€3,100	€3,100
Other remuneration	0	0	0	0
Total	**€3,000**	**€3,000**	**€3,100**	**€3,100**

Non-executive corporate officers	Year ended 31/12/2018 Amounts assigned	Year ended 31/12/2018 Amounts paid	Year ended 31/12/2019 Amounts assigned	Year ended 31/12/2019 Amounts paid
Predica, represented by Emmanuel Chabas				
Remuneration (fixed, variable) for membership of the Supervisory Board of Covivio Hotels	€3,900	€3,900	0	0
Other remuneration	0	0	0	0
Total	**€3,900**	**€3,900**	**0**	**0**
Françoise Debrus				
Remuneration (fixed, variable) for membership of the Supervisory Board of Covivio Hotels	€4,700	€4,700 (2)	0	0
Other remuneration	0	0	0	0
Total	**€4,700**	**€4,700**	**0**	**0**
ACM Vie represented by François Morrisson (1)				
Remuneration (fixed, variable) for membership of the Supervisory Board of Covivio Hotels	€3,900	€3,900	€3,100	€3,100
Other remuneration for the office of Director of Covivio	€37,000	€37,000	€37,000	€37,000
Total	**€40,900**	**€40,900**	**€40,100**	**€40,100**
Generali Vie, represented by Sébastien Pezet.				
Remuneration (fixed, variable) for membership of the Supervisory Board of Covivio Hotels	€3,500 (2)	€3,500 (2)	0	0
Other remuneration	0	0	0	0
Total	**€3,500**	**€3,500**	**0**	**0**
Cardif Assurance Vie represented by Nathalie Robin (1)				
Remuneration (fixed, variable) for membership of the Supervisory Board of Covivio Hotels	€3,700	€3,700	€3,700	€3,700
Other remuneration	0	0	0	0
Total	**€3,700**	**€3,700**	**€3,700**	**€3,700**
Sogecap represented by Yann Briand (1)				
Remuneration (fixed, variable) for membership of the Supervisory Board of Covivio Hotels	€2,725	€2,725	€3,100	€3,100
Other remuneration	0	0	0	0
Total	**€2,725**	**€2,725**	**€3,100**	**€3,100**
Caisse des Dépôts et consignations represented by Arnaud Taverne (1)				
Remuneration (fixed, variable) for membership of the Supervisory Board of Covivio Hotels	€3,125	€3,125	€3,100	€3,100
Other remuneration	0	0	0	0
Total	**€3,125**	**€3,125**	**€3,100**	**€3,100**
Patricia Damerval				
Remuneration (fixed, variable) for membership of the Supervisory Board of Covivio Hotels	€3,125 (2)	€3,125 (2)	€3,100	€3,100 (2)
Other remuneration	0	0	0	0
Total	**€3,125**	**€3,125**	**€3,100**	**€3,100**
Jean Luchet				
Remuneration (fixed, variable) for membership of the Supervisory Board of Covivio Hotels	€3,100 (2)	€3,100 (2)	€2,300 (2)	€2,300 (2)
Other remuneration	0	0	0	0
Total	**€3,100**	**€3,100**	**€2,300**	**€2,300**
TOTAL	**€3,315,594**	**€3,308,354**	**€3,937,821**	**€3,399,610**

(1) The remuneration was paid to the company, member of the Supervisory Board, and not to its permanent representative.

(2) This remuneration resulted in the application of taxes (single lump-sum tax of 12.8% and social security contributions of 17.2%, for a total deduction of 30%).

4.2.4.3 Remuneration paid and/or allocated to the Chairman of the Supervisory Board and the General Manager of the company ("individual ex-post vote")

In the context of the "individual" ex-post vote specified in article L. 226-8-2 II. of the French Commercial Code, the fixed, variable and exceptional elements composing the total remuneration and benefits of any kind, paid during the fiscal year ending 31 December 2019 or allocated pursuant to this same fiscal year, to the Chairman of the Supervisory Board and the General Manager of the company, are the subject of separate draft resolutions (resolutions 8 and 9) subject to the approval of the Combined General Meeting of 3 April 2020 and the unanimous consent of the partners.

4.2.4.3.1 Remuneration paid and/or allocated by the company to the Chairman of the Supervisory Board pursuant to the fiscal year ending 31 December 2019

Pursuant to the year ending 31 December 2019, no fixed, variable or exceptional element nor any benefit of any kind whatsoever was paid or allocated to Christophe Kullmann, in his capacity as Chairman of the Supervisory Board. The Combined General Meeting of 3 April 2020 will therefore be requested to formally record this.

4.2.4.3.2 Remuneration paid and/or allocated by the company to the General Manager pursuant to the fiscal year ending 31 December 2019

In accordance with the remuneration policy applicable to the General Manager presented above, a payment was made by the company for the year ending 31 December 2019 to Covivio Hotels Gestion for its term of office as General Manager exercised within the company, consisting of total fixed remuneration of €1,188,405.80. No other remuneration was allocated to it in respect of its term of office for this fiscal year.

It should be noted that Covivio Hotels Gestion did not benefit from any of the following for the year ending 31 December 2019:

- any variable or exceptional element or other benefit of any kind whatsoever;
- any element of remuneration, compensation or benefit pursuant to the assumption, cessation or change of functions or subsequent to the exercise of such functions, notably any commitments for pensions or any other lifetime benefit.

4.2.5 Information relative to corporate officers' terms of office and functions

In accordance with the provisions of article L. 225-37-4 item 1 of the French Commercial Code and points 12.1 and 12.2 of appendix 1 of Delegated Regulation (EU) 2019/980 dated 14 March 2019, we communicate below the list of all offices and functions exercised in all companies by each of the corporate officers of the company during the 2019 fiscal year and during the last 5 fiscal years, as well as the biography of each of them:

Covivio Hotels Gestion

30, avenue Kléber
75116 Paris
Paris

Trade and Companies Register 450 140 298

Number of shares held at 31 December 2019: 0

Office held with Covivio Hotels:

Managing partner

Date of appointment: GM of 30 November 2004

Date of renewal: Supervisory Board meeting of 9 February 2010 and 9 February 2016

Date of expiry of term: Supervisory Board meeting tasked with hearing the management report on the activities of the company held in 2021

Offices held within the Covivio Group:

Managing Partner: Covivio Hotels (SCA), public company

Offices held outside the Group:

None

Terms of office expired within the last five fiscal years:

None

Dominique Ozanne

Main function:

Chief Executive Officer of Covivio Hotels and Deputy General Manager of Covivio

Born on 1 July 1978 in Paris (14e)

French national

Business address:
10, avenue Kléber
75116 Paris

Number of shares held at 31 December 2019: 32,702

Biography

A graduate of ESTP and HEC (MS), Dominique Ozanne joined Covivio in 2003 as special adviser to the Chief Executive Officer. In 2005, with the creation of Covivio Hotels (Covivio's SIIC subsidiary intended for the acquisition of external hotel portfolios), he was appointed Chief Operating Officer, then Head of Development and Asset Management.

In 2011, he became Chief Executive Officer of the company, which today manages 333 hotels. He is one of the founders of AHTOP, an association whose aim is to foster loyalty among hotel industry professional and economic stakeholders as a whole who strive to provide quality lodging, to help boost the appeal of tourism in France.

Dominique Ozanne is Deputy General Manager, in charge of Covivio's Hotels strategy.

Office held with Covivio Hotels:

Chairman of Covivio Hotels Gestion

Managing Partner of Covivio Hotels

Date of appointment: 27 May 2011

Date of renewal: Supervisory Board meeting of 9 February 2010 and 9 February 2016

Date of expiry: Supervisory Board meeting tasked with hearing the management report on the activities of the company held in 2021

Offices held within the Covivio Group:

Deputy General Manager: Covivio SA, public company

Chairman of Covivio Hotels Gestion, Managing Partner: Covivio Hotels (SCA), public company

Chairman of the Board of Directors: B2 Hôtel Invest (SPPICAV), Oteli France (SPPICAV constituted in the form of an SAS) (since 01/07/2019)

Chairman: Foncière Iris (SAS), Sables d'Olonne (SAS), Campeli (SAS), Covivio Hotels Gestion (SAS), Foncière Ulysse (SAS), Foncière B2 Hôtel Invest SAS, Foncière B3 Hôtel Invest SAS, Foncière B4 Hôtel Invest

Chief Executive Officer: Iris Holding France SAS

Chairman of Covivio Hotels Gestion, Managing Partner of Covivio Hotels, General Manager: Foncière Otello (SNC), Hôtel 37 place René Clair (SNC), SCI Hôtel Porte Dorée, SCI Ruhl Côte d'Azur (since 05/04/2019)

Legal representative of Covivio, General Manager: SCI Lenovilla, SCI Latécoère, SCI Esplanade Belvédère II, SCI Le Ponant 1986, SCI 11 Place de l'Europe, SCI Latécoère 2, SCI Meudon Saulnier, SCI du 15 Rue des Cuirassiers, SCI du 288 Rue Duguesclin, SNC du 9 Rue des Cuirassiers, SCI N2 Batignolles, SNC Cœur d'Orly Promotion, SCCV Bobigny Le 9e Art (since 26/07/2019)

Legal representative of Covivio, Co-Manager: Chartes Avenue de Sully (SCCV) (since 28/05/2019), Fontenay-sous-Bois Rabelais (SCCV) (since 04/06/2019)

Legal representative of Covivio, Chairman: Technical (SAS), 6 rue Fructidor (SAS) (since 22/02/2019)

Chairman of Covivio Hotels Gestion, Managing Partner of Covivio Hotels, Chairman: SAS Samoëns

General Manager of Covivio Hotels Gestion Immobilière, Chairman: CBI Orient SAS (since 01/07/2019), CBI Express SAS (since 01/07/2019), Kombon SAS (since 01/07/2019)

General Manager of Covivio Hotels Gestion Immobilière, sole General Manager: Jouron SPR (Belgian company) (since 01/07/2019)

General Manager of Covivio Hotels Gestion Immobilière, Director of Belgian companies: Foncière IGK SA (since 01/07/2019), Foncière Gand Cathédrale SA (since 01/07/2019), Foncière Bruxelles Sainte Catherine SA (since 01/07/2019)

General Manager: Foncière Manon (SARL), Loire (SARL), Covivio Hotels Gestion Immobilière (SNC)

Terms of office expired within the last five fiscal years:

Alternate member: Comité de Partenariat de Foncière Développement Tourisme (SPPICAV) (until 28/06/2019)

Legal representative of Covivio, General Manager: SCI Raphaël (ended in 2018), SCI Omega C (ended in 2018), SCI Omega A (ended in 2018), SCI Ruhl Côte d'Azur (until 05/04/2019)

General Manager of Luxembourg companies: LHM Holding Lux (SARL) (ended in 2017), *LHM Propco Lux (SARL) (ended in 2017),* FDM M Lux (SARL) (ended in 2017), ROCK-Lux (ended in 2017)

Chairman and Chief Executive Officer: La Résidence du Cloître SA (ended in 2016), Société Lilloise d'Investissement Hôtelier (ended in 2017)

Chairman: SAS Samoëns (ended in 2016), FDM Management SAS (ended in 2018), Constance SAS (ended in 2018), So Hospitality (SAS) (ended in 2018), Nice-M (SAS) (ended in 2018)

Chairman of So Hospitality, Chairman: Hermitage Holdco (ended in 2018)

Chairman of Constance, Chairman: OPCO Rosace (ended in 2018)

Chairman of So Hospitality, Chairman of Hermitage Holdco SAS, Chairman: Alliance Et Compagnie SAS (ended in 2018), Société Lilloise d'Investissement Hôtelier (SAS) (ended in 2018)

Chairman of FDM Management SAS, Chairman (ended in 2018): Financière Hope SAS, OPCO Rosace SAS, Hermitage Holdco SAS

Chairman of FDM Management SAS, Chairman of Hermitage Holdco SAS, Chairman (ended in 2018): Alliance et Compagnie SAS, Société Lilloise d'Investissement Hôtelier (SAS)

Legal representative of Covivio, General Manager: SCI Omega A (ended in 2018), SCI Omega C (ended in 2018)

General Manager: SCI Rosace (ended in 2018), Covivio Property (SNC) (ended in 2015), SCI Hôtel Porte Dorée (ended in 2015), Société Civile Immobilière Actifoncier (ended in 2016)

Director of Belgian public companies: Airport Garden Hôtel (ended in 2017), Exco Hôtel KVK (ended in 2017), Invest Hôtel KVK (ended in 2017), Sunparks De Haan (ended in 2018)

Chief Executive Officer of the German company: Star Budget Hôtel GmbH (ended in 2018)

Member of Committee: Partnership Committee of SCI Hôtel Porte Dorée (ended in 2018)

Chairman of Covivio Hotels Gestion, Managing Partner of Covivio Hotels, General Manager: Prestige Hôtel Marcq-en-Barœul (ended in 2016), Prestige Hôtel Le Chesnay (SCI) (ended in 2016), Société Civile Immobilière Les Mimosas (ended in 2016)

Director: Foncière Europe Logistique (SAS) (ended in 2015)

Chief Executive Officer of Foncière Europe Logistique, General Manager: Société Immobilière Pantin Bobigny – IPB (SCI) (ended in 2015), Immopora (SCI) (ended in 2015), SCI Bollène Logistique (ended in 2015), SCI Bollène Logistique T4 (ended in 2015), FEL Holding GmbH & Co. Verwaltungs KG (ended in 2015)

Dominique Ozanne

Main function:

Chief Executive Officer of Covivio Hotels and Deputy General Manager of Covivio

Born on 1 July 1978 in Paris (14e)

French national

Business address:
10, avenue Kléber
75116 Paris

Number of shares held at 31 December 2019: 32,702

Offices held within the Covivio Group:

Director of Belgian public companies: Foncière Vielsalm, Sunparks Oostduinkerke, Foncière Kempense Meren, Foncière No Bruges Centre, Foncière No Bruxelles Grand Place, Foncière IB Bruges Centre, Foncière IB Bruxelles Aéroport, Foncière IB Bruxelles Grand Place, Foncière Gand Opéra, Foncière Gand Centre, Foncière Bruxelles Expo Atomium, Foncière Antwerp Centre, Foncière No Bruxelles Aéroport, Tulipe Holding Belgique, Narcisse Holding Belgique, Foncière Brugge Station, Foncière Bruxelles Sud, Foncière Louvain Centre, Foncière Liège, Foncière Bruxelles Aéroport, Foncière Bruxelles Tour Noire, Foncière Louvain, Foncière Malines, Foncière Bruxelles Gare Centrale, Foncière Namur

Chief Executive Officer of German companies: Iris Berlin GmbH, Iris Essen Bochum GmbH, Iris Frankfurt GmbH, Iris General Partner GmbH, Iris Investor Holding GmbH, Iris Nürnberg GmbH, Iris Stuttgart GmbH, BRE/GH II Berlin I Investor GmbH, BRE/GH II Berlin II Investor GmbH, BRE/GH II Berlin III Investor GmbH, BRE/GH II Dresden I Investor GmbH, BRE/GH II Dresden II Investor GmbH, BRE/GH II Dresden III Investor GmbH, BRE/GH II Dresden IV Investor GmbH, BRE/GH II Dresden V Investor GmbH, BRE/GH II Erfurt I Investor GmbH, BRE/GH II Leipzig I Investor GmbH, BRE/GH II Leipzig II Investor GmbH

Director of Spanish companies: Investment FDM Rocatierra SL, Bardiomar SL, Trade Center Hotel S.L.U

Member of committees: Partnership Committee of SAS Samoëns, Strategic Committee of IRIS Holding France SAS, General Management Board of SCI Dahlia

Offices held outside the Group:

Director: Iris Invest 2010 SPPICAV, Camp Invest SPPICAV

General Manager of Luxembourg companies: Maro Lux SARL, Roma Lux

Christophe Kullmann

Main function:

Chief Executive Officer of Covivio

Born on 15 October 1965 in Metz (57000)

French national

Business address:
30, avenue Kléber
75116 Paris

Number of shares held at 31 December 2019: 2,515

Biography

Christophe Kullmann has spent his whole career in the real estate industry. He was in charge of financial management at Immobilière Batibail, a publicly traded real estate development company, from 1992 until its merger in 1999 with Gecina, where he oversaw its financial management.

At the helm of Covivio since its creation in 2001, Christophe Kullmann serves as Chief Executive Officer and is a member of the Board of Directors.

He is also a founding member of Fondation Palladio.

Office held with Covivio Hotels:

Chairman of the Supervisory Board

Date of appointment: GM of 30 November 2004

Date of renewal: GMs of 15 April 2008, 4 April 2011, 16 April 2014, 7 April 2017 and 6 April 2018

Date of expiry of the term of office: General Meeting of 2021 approving the annual financial statements for the fiscal year ending 31 December 2020

Offices held within the Covivio Group:

Chief Executive Officer: Covivio (SA), public company

Chairman of the Supervisory Board: Covivio Hotels (SCA), public company

Member of the Supervisory Board: Covivio Immobilien SE (European company)

Director: Covivio (SA), public company, Foncière Développement Logement (SA)

Legal representative of Covivio, Chairman: Technical (SAS), 6 Rue Fructidor (SAS) (since 22/02/2019)

Legal representative of Covivio, General Manager: SCI Esplanade Belvédère II, SCI Le Ponant 1986, SCI Latécoère, SCI Latécoère 2, SCI Lenovilla, SCI 11 place de l'Europe, SCI Meudon Saulnier, SCI du 15 Rue des Cuirassiers, SCI du 288 Rue Duguesclin, SCI du 9 Rue des Cuirassiers, SCI N2 Batignolles, SNC Cœur d'Orly Promotion, SCCV Bobigny Le 9e Art (since 26/07/2019)

Legal representative of Covivio, Co-Manager: Chartres Avenue de Sully (SCCV) (since 28/05/2019), Fontenay-sous-Bois Rabelais (SCCV) (since 04/06/2019)

Offices held outside the Group:

Honorary Chairman: FSIF (professional association)

Director: IEIF (Association)

Terms of office expired within the last five fiscal years:

Chairman of the Board of Directors: FSIF (trade association)

Managing Director: Beni Stabili SpA SIIQ, public Italian company (ended in 2018)

Member of the Executive and Investment Committee: Beni Stabili SpA SIIQ, Italian public company (ended in 2018)

Chairman of the Strategic Committee: FDM Management SAS (ended in 2018)

Legal representative of Covivio, General Manager: SCI Raphaël (ended in 2018), SCI Omega A (ended in 2018), SCI Omega C (ended in 2018), SCI Ruhl Côte d'Azur (until 5 April 2019)

Member of the Appointments and Remuneration Committee: Foncière Développement Logements (SA) (ended in 2018)

General Manager: GFR Kléber (SARL) (ended in 2018)

Director: Beni Stabili SpA SIIQ, Italian public company (ended in 2015), EPRA (ended in 2018)

Member of the Supervisory Board: IMMEO AG, German company (change in form from AG to SE on 27/05/2015)

Member of the Audit Committee: Covivio Hotels (SCA), public company (ended in 2015)

Permanent Representative of République, Director: BP 3000 SA (ended in 2016)

Member of the Executive Board: EPRA (term ended in 2017)

Olivier Estève

Main function:

Deputy General Manager of Covivio

Born on 18 September 1964 in Algiers – Algeria

French national

Business address:
30, avenue Kléber
75116 Paris

Number of shares held at 31 December 2019: 790

Biography

Olivier Estève is a graduate of École Spéciale des Travaux Publics (ESTP). After a 12-year career in the Bouygues Group (1990–2001), where he served as Director of Development in the SCREG Bâtiment subsidiary, he joined Covivio in September 2002.

After having been Real Estate Director in charge of Large Service Sector Development Projects, he now supervises all of the Office activities of Covivio (Development, Asset Management, Property Management). Olivier Estève is Deputy Chief Executive, responsible for the Offices strategy, of Covivio.

Office held with Covivio Hotels:

Member of the Supervisory Board

Member of the Audit Committee

Date of appointment: Supervisory Board meeting of 6 April 2011

Date of renewal: GMs of 16 April 2014, 7 April 2017 and 6 April 2018

Date of expiry of the term of office: General Meeting of 2021 approving the annual financial statements for the fiscal year ending 31 December 2020

Offices held within the Covivio Group:

Deputy General Manager: Covivio (SA), public company

Chairman: Covivio 2 (SAS)

Chairman and Chief Executive Officer: République (SA)

Permanent representative of Covivio, Director: Foncière Développement Logements (SA)

Member of the Audit Committee: Covivio Hotels (SCA), public company

Member of the Supervisory Board: Covivio Hotels (SCA), public company, Covivio Immobilien SE (European company)

General Manager: SNC Jean Jacques Bosc (since 11/03/2019), SCI Terre Neuves (since 05/04/2019), SCI Rue de la Louisiane (since 09/07/2019), Covivio Développement (SNC), Covivio Ravinelle (SARL), EuroMarseille Invest (EURL), SCI EuroMarseille 1, SCI EuroMarseille 2, Covivio 4 (EURL), Covivio 7 (EURL), Fédération (EURL), BGA Transaction (SARL), Foncière Margaux (SARL), SARL du 2 Rue Saint Charles, SARL du 106–110 Rue des Troènes, Telimob Paris SARL, Imefa 127 (SCI), SCI Atlantis, SCI Pompidou Metz, SNC Palmer Plage, SCI Dual Center, Lenopromo (SNC), SCI Charenton, Latepromo (SNC), Promomurs (SNC), Covivio Participations (EURL), SCI Avenue de la Marne, Omega B (SARL), SCI Rueil B2, Wellio SNC, SNC Le Clos Chanteloup, SNC Bordeaux Lac, SNC Sully Chartres, SNC Sucy Parc, SNC Gambetta Le Raincy, Orly Promo (SNC), Silexpromo (SNC), SCI du 21 Rue Jean Goujon, SNC La Marina Fréjus, SNC Villouvette Saint Germain, SNC Gauguin St-Ouen-l'Aumône, SNC Le Printemps Sartrouville, SNC Normandie Niemen Bobigny, SCI Cité Numérique, SCI Danton Malakoff, SNC Meudon Bellevue, SNC Tours Coty, SNC Valence Victor HUGO, SNC Nantes Talensac, SNC Marignane St Pierre, Fructipromo (since 11/03/2019), SNC André Lavignolle (since 24/05/2019)

Legal Representative of Fédération, General Manager: Federimmo (SCI)

Legal representative of Telimob Paris SARL, General Manager: Telimob EST SNC, Telimob Nord SNC, Telimob Ouest SNC, Telimob PACA SNC, Telimob Paris SNC, Telimob Rhône-Alpes SNC, Telimob Sud-Ouest SNC

Legal representative of Foncière Margaux, General Manager: SCI du 1 Rue de Châteaudun, SCI du 2 Rue de l'Ill, SCI du 3 Place A. Chaussy, SCI du 8 Rue M. Paul, SCI du 10 bis et 11 à 13 Allée des Tanneurs, SCI du 20 avenue Victor Hugo, SCI du 32 avenue P. Grenier, SCI du 35/37 Rue Louis Guérin, SCI du 40 Rue Jean-Jacques Rousseau, SCI du 125 avenue du Brancolar, SCI du 1630 avenue de la Croix Rouge

Legal representative of SCI EuroMarseille 1, General Manager: SCI EuroMarseille BL, SCI EuroMarseille BI, SCI EuroMarseille BH, SCI EuroMarseille BH2

Legal Representative of SCI Euromarseille 2, General Manager: SCI EuroMarseille PK, SCI EuroMarseille H

Legal representative of Covivio 2, General Manager: SCI Cœur d'Orly Bureaux, SCI Holding Bureaux Cœur d'Orly, SNC Holding Commerces Cœur d'Orly

Legal representative of République, Chairman: Société du Parc Trinité d'Estienne d'Orves (SAS)

Legal representative of République, General Manager: Gespar (SC), Parking de la Comédie (SNC), Parking de la Gare Charles de Gaulle (SNC)

Terms of office expired within the last five fiscal years:

Chairman of the Board of Directors: République (SA), (ended in 2016), BP 3000 (SA) (ended in 2016), Office CB 21 (SPPICAV) (ended in 2018)

Chairman of the Investment Committee: République (SA) (ended in 2017), Covivio Hotels (SCA), public company (ended in 2018)

Legal representative of Covivio 2, General Manager of SCI Holding Bureaux Cœur d'Orly, itself General Manager: SCI Cœur d'Orly Bureaux (ended in 2018)

Legal representative of Covivio 2, General Manager of SNC Holding Commerces Cœur d'Orly, itself General Manager: SNC Cœur d'Orly Commerces (ended in 2018)

Legal representative of Covivio 2, General Manager: SCI Holding Bureaux Cœur d'Orly (ended in 2018), SNC Holding Commerces Cœur d'Orly (ended in 2018)

Legal representative of Covivio 2, General Manager: SNC Cœur d'Orly Commerces (until 28/06/2019)

Legal representative of Covivio, General Manager: SCI Ruhl Côte d'Azur (until 05/04/2019), SCI Omega A (ended in 2018), SCI Omega C (ended in 2018), SCI Raphaël (ended in 2018)

Member of the Investment Committee: Foncière Développement Logements (SA) (ended in 2017)

Chairman: Foncière Europe Logistique (SAS) (term ended in 2016)

Director: Ulysse Tréfonds (SA), Belgian company (ended in 2015), Sunparks Tréfonds (SA), Belgian company (ended in 2015), Iris Tréfonds (SA), Belgian company (ended in 2015)

Permanent representative of Covivio 2, Director: Foncière Développement Logements (SA), public company (ended in 2017)

General Manager: SCI Rueil B3 B4 (until 31/12/2019), Covivio Property (SNC) (until 24/06/2019), SCI Palmer Montpellier (until 30/04/2019), Covivio Développement (SNC) (until 24/06/2019), SARL du 25–27 Quai Félix Faure (until 31/03/2019), SNC Foncière Palmer (ended in 2017), EURL Languedoc 34 (ended in 2017), SNC Palmer Transactions (ended in 2017), SCI EuroMarseille 3 (ended in 2017), SARL du 11 Rue Victor Leroy (ended in 2017), GFCR (SC) (ended in 2016), Aberdeen Balanced France Holding 3 (SARL) (ended in 2015), GFR Blériot (SARL) (ended in 2015), FDR 6 (EURL) (ended in 2015), FDR 5 (EURL) (ended in 2015)

Legal representative of Foncière Margaux, General Manager: SCI du 682 Cours de la Libération (until 30/09/2019), SCI du 11 avenue de Sully (ended in 2017), SNC du 9 Rue des Cuirassiers (ended in 2017), SNC du 57/59 Rue du Commandant R. Mouchotte (ended in 2016), SCI du 57/59 Rue du Commandant R. Mouchotte (change of form in 2015), SCI 2 Rue de Verdun (ended in 2016)

Legal representative of GFR Blériot, General Manager: SCI du 15 Rue des Cuirassiers (ended in 2015), SCI du 288 Rue Duguesclin (ended in 2015)

Legal Representative of SCI EuroMarseille 2, General Manager: SCI EuroMarseille M (ended in 2017)

Legal representative of Foncière EUROPE Logistique, General Manager: Immopora (SCI) (ended in 2016), Société Civile Immobilière Bollène Logistique (ended in 2016), SCI Bollène Logistique T4 (ended in 2016)

Chairman: GFR Services (SAS) (ended in 2015)

Olivier Estève

Main function:

Deputy General Manager of Covivio

Born on 18 September 1964 in Algiers – Algeria

French national

Business address:
30, avenue Kléber
75116 Paris

Number of shares held at 31 December 2019: 790

Offices held within the Covivio Group:

Legal representative of Covivio, General Manager: SCI Lenovilla, SCI Latécoère, SCI Esplanade Belvédère II, SCI Le Ponant 1986, SCI 11 Place de l'Europe, SCI Latécoère 2, SCI Meudon Saulnier, SCI du 15 Rue des Cuirassiers, SCI du 288 Rue Duguesclin, SNC du 9 Rue des Cuirassiers, SCI N2 Batignolles, SNC Cœur d'Orly Promotion, SCCV Bobigny Le 9e Art (since 26/07/2019)

Legal representative of Covivio, Chairman: Technical (SAS), 6 Rue Fructidor (SAS) (since 22/02/2019)

Legal representative of Covivio, Co-Manager: Chartes Avenue de Sully (SCCV) (since 28/05/2019), Fontenay-sous-Bois Rabelais (SCCV) (since 04/06/2019)

Offices held outside the Group:

None

Françoise Debrus

Main function:

Director of Investments of Crédit Agricole Assurances

Born on 19 April 1960 in Paris (12e)

French national

Business address:
16/18, boulevard de Vaugirard
75724 Paris Cedex 15

Number of shares held at 31 December 2019: 7

Biography

Françoise Debrus is a graduate of the École Nationale du Génie Rural des Eaux et des Forêts and the Institut National Agronomique Paris-Grignon. She joined Crédit Agricole Group in 1987 and since January 2005 has been Chief Financial Officer of the Caisse Régionale de l'Ile de France. She joined Crédit Agricole Assurances in March 2009 as Director of Investments.

Office held with Covivio Hotels:

Member of the Supervisory Board

Chairman of the Audit Committee

Date of appointment: Supervisory Board meeting of 8 April 2009

Date of renewal: GMs of 4 April 2011, 16 April 2014 and 7 April 2017

Date of expiry of the term of office: General Meeting of 2020 approving the annual financial statements for the fiscal year ending 31 December 2019

Offices held within the Covivio Group:

Member of the Supervisory Board: Covivio Hotels (SCA), public company

Offices held outside the Group:

Member of the Supervisory Board: Altarea (SCA), public company

Permanent representative of Predica, Director: Korian SA, public company, Aéroport de Paris SA, public company

Non-voting member: Frey SA, public company (until 19/12/2019)

Permanent representative of CAA – Director: Semmaris SEM

Director: Cassinin SAS (since 28/03/2019)

Terms of office expired within the last five fiscal years:

Director: Foncière Développement Logements SA (ended in 2016), Beni Stabili (Italian public company) (ended in 2016), Ramsay Santé (SA) (ended in 2015)

Permanent Representative of Predica, Director and member of the Audit Committee: Eurosic (SA), public company (until 29/08/2017),

Permanent representative of CAA, Director: Générale de Santé, public company (ended in 2015)

Covivio

18, avenue François Mitterrand
57000 Metz

Metz Trade and Companies register 364 800 060

Number of shares held

at 31 December 2019: 52,307,218

Office held with Covivio Hotels:

Member of the Supervisory Board

Date of appointment: GM of 30 November 2004

Date of renewal: GMs of 15 April 2008, 4 April 2011, 16 April 2014, 7 April 2017 and 5 April 2019

Date of expiry of the term of office: General Meeting of 2022 approving the annual financial statements for the fiscal year ended 31 December 2021

Offices held within the Covivio Group:

Director: Foncière Développement Logements (SA), République (SA)

Member of the Supervisory Board: Covivio Hotels (SCA), public company

Chairman: Technical (SAS), 6 Rue Fructidor

General Manager: SCI Esplanade Belvédère II, SCI Le Ponant 1986, SCI Lenovilla, SCI Latécoère, SCI Latécoère 2, SCI Meudon Saulnier, SCI 11 Place de l'Europe, SCI du 15 Rue des Cuirassiers, SCI du 288 Rue Duguesclin, SNC Cœur d'Orly Promotions, SCI du 9 Rue des Cuirassiers, N2 Batignolles, SCCV Bobigny Le 9e Art

Co-General Manager: Chartes Avenue de Sully, Fontenay-sous-Bois Rabelais

Offices held outside the Group:

None

Terms of office expired within the last five fiscal years:

General Manager: SCI Ruhl Côte d'Azur (ended in 2019), SCI Omega A (ended in 2018), SCI Omega C (ended in 2018), SCI Raphaël (ended in 2018)

Laurie Goudallier

Main function:

Chief Digital Officer

Born on 15 March 1987
in Versailles

French national

Business address:
30, avenue Kléber
75116 Paris

Number of shares held at 31 December 2019: 0

Biography

Laurie Goudallier has been Chief Digital Officer of Covivio since the beginning of 2018, and in this capacity is a member of the Executive Committee. Her mission is to control the digital transformation of the Group in Europe, to serve an organisation focused on the customer. A graduate of HEC in 2011, she began her career in the Corporate Development and Communication Department of Covivio, as a Capital Markets Analyst (M&A). She then occupied the position of Executive Assistant to the Chief Executive Officer before being promoted, at the end of 2015, to Financial and Administrative Manager of the France Offices division.

Office held with Covivio Hotels:

Permanent representative of Covivio, member of the Supervisory Board

Date of appointment: 18 October 2019

Date of renewal: N/A

Date of expiry of term of office: General Meeting called in 2022 to approve the financial statements for the year ending 31 December 2021

Offices held within the Covivio Group:

Permanent representative of Covivio, member of the Supervisory Board: Covivio Hotels (SCA), public company (since 18/10/2019)

Offices held outside the Group:

None

Terms of office expired within the last five fiscal years:

None

Covivio Participations

30, avenue Kléber
75116 Paris

Paris Trade and Companies Register 813 753 613

Number of shares held at 31 December 2019: 1

Office held with Covivio Hotels:

Member of the Supervisory Board

Date of appointment: Supervisory Board meeting of 18 November 2015

Date of renewal: GM of 7 April 2017

Date of expiry of the term of office: General Meeting of 2020 approving the annual financial statements for the fiscal year ending 31 December 2019

Offices held within the Covivio Group:

Member of the Supervisory Board: Covivio Hotels (SCA), public company

Offices held outside the Group:

None

Terms of office expired within the last five fiscal years:

Director: Foncière Développement Logements (SA) (ended in 2017)

Joséphine Lelong-Chaussier

Main function:

Head of Corporate Legal M&A of the Covivio Group

Born on 7 January 1983
in Neuilly-sur-Seine

French national

Business address:
8, avenue Kléber
75116 Paris

Number of shares held at 31 December 2019: 0

Biography

A graduate of the ESSEC business school and Paris I – La Sorbonne and a lawyer before the Paris Bar, Joséphine Lelong-Chaussier practiced for nearly ten years as a lawyer at Freshfields Bruckhaus Deringer, followed by De Pardieu Brocas Maffei, before joining Covivio in 2015. She is currently the Head of Corporate Legal M&A for the Covivio Group, responsible for France and Luxembourg.

Office held with Covivio Hotels:

Permanent representative of Covivio Participations, member of the Supervisory Board

Date of appointment: 26 October 2018

Date of expiry of the term of office: General Meeting of 2020 approving the annual financial statements for the fiscal year ending 31 December 2019

Offices held within the Covivio Group:

Permanent representative of Covivio Participations, member of the Supervisory Board: Covivio Hotels (SCA), public company

Offices held outside the Group:

None

Terms of office expired within the last five fiscal years:

None

Foncière Margaux

30, avenue Kléber
75116 Paris

Paris Trade and Companies Register 439 434 309

Number of shares held at 31 December 2019: 1

Office held with Covivio Hotels:

Member of the Supervisory Board

Date of appointment: Supervisory Board meeting of 13 July 2018

Date of expiry of the term of office: General Meeting of 2020 approving the annual financial statements for the fiscal year ending 31 December 2019

Offices held within the Covivio Group:

Member of the Supervisory Board: Covivio Hotels (SCA), public company

General Manager: SCI du 1 Rue de Châteaudun, SCI du 2 Rue de l'Ill, SCI du 3 Place A. Chaussy, SCI du 8 Rue M. Paul, SCI du 10 bis et 11 à 13 Allée des Tanneurs, SCI du 20 avenue Victor Hugo, SCI du 32 avenue P. Grenier, SCI du 35/37 Rue Louis Guérin, SCI du 40 Rue Jean-Jacques Rousseau, SCI du 125 avenue du Brancolar, SCI du 1630 avenue de la Croix Rouge

Offices held outside the Group:

None

Terms of office expired within the last five fiscal years:

General Manager: SCI du 682 Cours de la Libération (ended in 2019), SCI du 11 avenue de Sully (ended in 2017), SCI du 9 Rue des Cuirassiers (ended in 2017), SNC du 57/59 Rue du Commandant R. Mouchotte (ended in 2016), SCI du 2 Rue de Verdun (ended in 2016), SCI du 57/59 Rue du Commandant R. Mouchotte (change of form in 2015)

Marielle Seegmuller

Main function:

Director of Operations of Covivio

Born on 17 October 1972 in Saint-Brieuc

French national

Business address:
30, avenue Kléber
75116 Paris

Number of shares held at 31 December 2019: 0

Biography

A graduate of the École Supérieure de Commerce de Reims, Marielle Seegmuller also holds an Executive MBA from HEC and a DESCF.

With more than 20 years of experience in the real estate sector, Marielle Seegmuller worked at GE Real Estate from 1997, where she was in charge of various activities in France and in Europe (Investments, Business Development, Arbitrage, etc.), then head of department for the French entity.

Since September 2016, Marielle Seegmuller, has occupied the position of Director of Operations at Covivio. In this regard, she controls the Asset and Property Management activities in France.

Marielle Seegmuller is a member of Cercle des Femmes de l'Immobilier.

Office held with Covivio Hotels:

Permanent representative of Foncière Margaux, member of the Supervisory Board

Date of appointment: 7 April 2017

Date of expiry of the term of office: General Meeting of 2020 approving the annual financial statements for the fiscal year ending 31 December 2019

Offices held within the Covivio Group:

Permanent representative of Foncière Margaux, member of the Supervisory Board: Covivio Hotels (SCA), public company

Director: Office CB 21 SPPICAV, Foncière Développement Logements – FDL SA (since 21/10/2019)

Chief Executive Officer: Foncière Développement Logements – FDL SA (since 21/10/2019)

General Manager: Covivio Property SNC (since 24/06/2019)

Legal representative of Foncière Développement Logements – FDL, General Manager: IMEFA Quatre Vingt Quinze SCI (since 21/10/2019), Société Civile Immobilière du 26-28 rue Jacques Dulud à Neuilly sur Seine SCI (since 21/10/2019), 25 rue Gutenberg SCI (from 21/10/2019 until 31/12/2019), IMEFA Quarante Six SCI (from 21/10/2019 until 31/12/2019), Société Civile Immobilière Suresnes 2 SCI (from 21/10/2019 until 31/12/2019)

Offices held outside the Group:

None

Terms of office expired within the last five fiscal years:

Permanent representative of GFR Kleber, member of the Supervisory Board: Covivio Hotels (SCA), public company (until 31/05/2018)

Permanent representative of Covivio, Director: Foncière Développement Logements (SA) (ended in 2017)

Chairman: GE Real Estate France Management SAS

Permanent representative of Sophie Conseil, member of the Supervisory Board: GE Capital Financements Immobiliers d'Entreprise SAS

Member of the Supervisory Board: GE Capital Equipement Finance, GE Facto France,

Predica

50/56, rue de la Procession, 75015 Paris

Paris Trade and Companies Register 334 028 123

Number of shares held at 31 December 2019: 17,354,019

Office held with Covivio Hotels:

Member of the Supervisory Board

Date of appointment: GM of 30 November 2004

Date of renewal: GMs of 15 April 2008, 4 April 2011, 16 April 2014, 7 April 2017 and 5 April 2019

Date of expiry of term of office: General Meeting called in 2022 to approve the financial statements for the year ending 31 December 2021

Offices held within the Covivio Group:

Member of the Supervisory Board: Covivio Hotels (SCA), public company

Director: Covivio (SA), public company, B2 hotel Invest OPPCI

Offices held outside the Group:

Director: AEW Immocommercial (OPCI), Fonds Nouvel Investissement 1 SICAV, Fonds Nouvel Investissement 2 SICAV, Aéroport de Paris SA (public company), Gecina (SA, public company), Messidor OPCI, Frey (SA, public company), la Médicale de France (SA), CAAM Mone Cash (SICAV), Korian (SA, public company), CAA Commerces 2 OPCI, Patrimoine et Commerce SCA, Carmila, Previseo Obsèques, Lesica, Semmaris, Fonds Stratégique de Participations, Argan

Member of the Supervisory Board: Altarea (SCA, public company), Effi Invest II SCA, Interfimo (SA), Sopresa SA, CA Grands Crus, PREIM Healthcare

Co-General Manager: PREDICARE SARL

Non-voting member of the Board of Directors: Siparex Associés SA, Tivana France Holding SAS

Chairman: Predi Rungis

Terms of office expired within the last five fiscal years:

Member of the Supervisory Board: Effi Invest I SCA, Immeo Wohnen GmbH

Director: Eurosic (SA, public company), Sanef (SA, public company), Louvresses Development I SAS, République (SA) (ended in 2017), CA Life Greece, Ramsay Générale de Santé (SA, public company), Foncière Développement Logements (SA, public company) (ended in 2017), River Ouest

Chairman: Citadel, Citadel Holding

Emmanuel Chabas

Main function:

Head of Real Estate Department of Crédit Agricole Assurances

Born on 8 December 1976 in Boulogne-Billancourt (92100)

French national

Business address:
16/18, boulevard de Vaugirard
75724 Paris Cedex 15

Number of shares held at 31 December 2019: 0

Biography

Emmanuel Chabas is a graduate of the ESSEC business school. He began his career in management control and internal audit within the BNP PARIBAS Group in 2001. He then joined BNP Paribas Cardif in 2006 as head of real estate acquisitions.

Since September 2015, he has occupied the position of Head of Real Estate Investment at Crédit Agricole Assurances.

Office held with Covivio Hotels:

Permanent representative of Predica, member of the Supervisory Board

Date of appointment: 17 February 2016

Date of renewal: GMs of 7 April 2017 and 5 April 2019

Date of expiry of term of office: General Meeting called in 2022 to approve the financial statements for the year ending 31 December 2021

Offices held within the Covivio Group:

Permanent representative of Predica, Director: B2 hotel Invest (OPPCI)

Permanent representative of Predica, member of the Supervisory Board: Covivio Hotels (SCA, public company)

Member of the Supervisory Board: Covivio Immobilien SE (European Company)

Offices held outside the Group:

Permanent representative of Predica, Director: OPCI CAA Commerces 2, OPCI Predica Bureaux, SCI Frey Retail Villebon

Permanent representative of Predica, member of the Supervisory Board: SCPI Unipierre Assurance, PREIM Healthcare

Representative of SCI Imefa 34, Director: OPCI Predica Habitation

Chairman of the Board of Directors: Camp Invest OPPCI, Iris Invest OPPCI, OPCI Messidor, OPCI Eco Campus, OPCI Predica Commerces, OPCI Massy Bureaux

Director, Chairman and Chief Executive Officer: SA Foncière Hypersud

Member of the Strategic Committee: Heart of La Défense

Member of the Board of Directors and the Appointments and Remuneration Committee: Icade SA

Member of the Real Estate Committee: FFSA, which became FFA (Fédération Française de l'Assurance), professional association

Member of the Oversight Committee: Icade Santé SAS

Member: Advisory Committee of Fonds Ardian

Terms of office expired within the last five fiscal years:

Permanent representative of Cardif Assurance Vie, Director: Health Property Fund 1 (OPPCI), Shopping Property Fund 1 (OPPCI), Diversipierre (OPPCI), Foncière Développement Logements (SA) (ended in 2017), Siltel, Météore Greece SA

Member of the Strategic Committee: FDM Management SAS (ended in 2018)

Chairman: SAS Francimmo Hôtel, Météore Greece SA

General Manager: SCI Montparnasse Cotentin

Emmanuel Chabas

Main function:

Head of Real Estate Department of Crédit Agricole Assurances

Born on 8 December 1976 in Boulogne-Billancourt (92100)

French national

Business address:
16/18, boulevard de Vaugirard
75724 Paris Cedex 15

Number of shares held at 31 December 2019: 0

Offices held outside the Group:

General Manager: SCI Montparnasse Cotentin, SCI Dahlia, SCI DS Campus, SCI New Vélizy, SCI Imefa 1, SCI Imefa 2, SCI Imefa 3, SCI Imefa 4, SCI Imefa 5, SCI Imefa 6, SCI Imefa 8, SCI Imefa 9, SCI Imefa 10, SCI Imefa 11, SCI Imefa 12, SCI Imefa 13, SCI Imefa 16, SCI Imefa 17, SCI Imefa 18, SCI Imefa 20, SCI Imefa 22, SCI Imefa 25, SCI Imefa 32, SCI Imefa 33, SCI Imefa 34, SCI Imefa 35, SCI Imefa 36, SCI Imefa 37, SCI Imefa 38, SCI Imefa 39, SCI Imefa 42, SCI Imefa 43, SCI Imefa 44, SCI Imefa 45, SCI Imefa 47, SCI Imefa 48, SCI Imefa 49, SCI Imefa 50, SCI Imefa 51, SCI Imefa 52, SCI Imefa 53, SCI Imefa 54, SCI Imefa 57, SCI Imefa 58, SCI Imefa 60, SCI Imefa 61, SCI Imefa 62, SCI Imefa 63, SCI Imefa 64, SCI Imefa 66, SCI Imefa 67, SCI Imefa 68, SCI Imefa 69, SCI Imefa 72, SCI Imefa 73, SCI Imefa 74, SCI Imefa 76, SCI Imefa 77, SCI Imefa 78, SCI Imefa 79, SCI Imefa 80, SCI Imefa 81, SCI Imefa 82, SCI Imefa 83, SCI Imefa 84, SCI Imefa 85, SCI Imefa 89, SCI Imefa 91, SCI Imefa 92, SCI Imefa 96, SCI Imefa 100, SCI Imefa 101, SCI Imefa 102, SCI Imefa 103, SCI Imefa 104, SCI Imefa 105, SCI Imefa 107, SCI Imefa 108, SCI Imefa 109, SCI Imefa 110, SCI Imefa 112, SCI Imefa 113, SCI Imefa 115, SCI Imefa 116, SCI Imefa 117, SCI Imefa 118, SCI Imefa 120, SCI Imefa 121, SCI Imefa 122, SCI Imefa 123, SCI Imefa 126, SCI Imefa 128, SCI Imefa 129, SCI Imefa 131, SCI Imefa 132, SCI Imefa 140, SCI Imefa 148, SCI Imefa 149, SCI Imefa 150, SCI Imefa 155, SCI Lyon Tony Garnier (ex-Imefa 156), SCI Villeurbanne-La Soie Îlot H (ex-Imefa 157), SCI Imefa 158, SCI Imefa 159, SCI Imefa 161, SCI Imefa 162, SCI Imefa 163, SCI Imefa 164, SCI Imefa 165, SCI HDP Bureaux (ex-Imefa 166), SCI HDP Hôtel (ex-Imefa 167), SCI HDP la Halle (ex-Imefa 168), SCI Imefa 169, SCI Imefa 170, SCI Imefa 171, SCI Imefa 172, SCI Imefa 173, SCI Imefa 174, SCI Imefa 175, SCI Imefa 176, SCI Imefa 177, SCI Imefa 178, SCI Imefa 179, SCI Imefa 180, SCI Imefa 181, SCI Imefa 182, SCI Imefa 183, SCI Imefa 184, SCI Imefa 185, SCI Imefa 186, SCI Imefa 187, SCI Imefa 188, SCI Imefa 189, SCI Imefa 190, SCI Imefa 192, SCI Imefa 193, SCI Imefa 194, SCI Imefa 195, SCI Imefa 196, SCI Spirica Boisseau, SCI Imefa 198, SCI Imefa 199, SCI Imefa 201, SCI Imefa 202, SCI Imefa 203, SCI Imefa 204, SCI Imefa 205, SCI Imefa 206, SCI Imefa 207, SCI Imefa 208, SCI Imefa 209, SCI Imefa 210, SCI Imefa 211, SCI Imefa 212, SCI Fédérale Péreire Victoire, SCI Federlog, SCI Feder Londres, SCI Fédérale Villiers, SCI Grenier Vellefaux, SCI Médibureaux, SCI Medic Habitation, SCI Vicq d'Azir-Vellefaux, SCI Vicq Neuilly, SCI Féderpierre, SCI 1–3 Place Valhubert, SCI Village Victor Hugo

General Manager of Féderpierre, General Manager: SCI Longchamp Montevideo, SCI Féderpierre MichaL, SCI Féderpierre Caulaincourt, SCI Féderpierre Université, SCI Féderpierre Capucines

Chairman: Iris Holding France SAS, SAS Holding EuroMarseille, SAS Resico, SAS CA Résidence Seniors, SAS 59–61 Rue Lafayette, SAS 81–91 Rue Falguière

Member of the Supervisory Board: Patrimoine et Commerce, Covivio Immobilien SE, Accor Invest Group SA (Luxembourg company)

Non-voting member on the Supervisory Board: Argan

Member of the Audit Committee: Patrimoine et Commerce, AccorInvest Group SA (Luxembourg company)

Member of the Remuneration Committee: SICAF (Italian company)

Director: OPCI Lapillus 1, SAS Cristal, B2 Hôtel Invest OPPCI, Météore Italy SRL, Météore Alcala, Carmila SA, Alta Blueopci Icade Healthcare Europe, Central SICAF (Italian company)

Chairman of the Partnership Committee: SCI Dahlia, Iris Holding France SAS, SCI 11 Place de l'Europe, SCI Holding Dahlia

ACM Vie SA

4, rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Strasbourg Trade and Companies Register 332 377 597

Number of shares held at 31 December 2019: 9,362,740

Office held with Covivio Hotels:

Member of the Supervisory Board

Date of appointment: GM of 30 November 2004

Date of renewal: GMs of 15 April 2008, 4 April 2011, 16 April 2014, 7 April 2017 and 6 April 2018

Date of expiry of the term of office: General Meeting of 2021 approving the annual financial statements for the fiscal year ending 31 December 2020

Offices held within the Covivio Group:

Director: Covivio (SA), public company.

Member of the Supervisory Board: Covivio Hotels (SCA), public company

Offices held outside the Group:

Director: Serenis Assurances SA, ACM GIE, Assurance du Crédit Mutuel Services SA, Foncière Masséna SA, Agrupacio ACMI de Seguros y Reaseguros SA, GACM Seguros Generales, Compania de Seguros y Reasuraguros SAU, GACM Espagne SA, Valinvest Gestion

Member of the Supervisory Board: SCPI CMCIC Pierre Investissement, SCPI Crédit Mutuel Pierre 1, SCPI Selectipierre 1, SCPI Logipierre 1, SCPI Logipierre 3

Terms of office expired within the last five fiscal years:

Member of the Supervisory Board: Foncière Masséna SCA (change of form in 2015), SCPI Ouest Pierre Investissement (ended in 2017)

Director: Partners Assurances SA (foreign company) (ended in 2017), Foncière des 6e et 7e Arrdts de Paris, public company (merger by takeover on 21 April 2015), Serenis Vie SA, (merger by takeover by ACM Vie in 2016), ACMN IARD (ended in 2016)

François Morrisson

Main function:

Equity Manager ACM

Born on 22 June 1965 in Levallois-Perret (92300) – France

French national

Address:
96, boulevard Haussmann
75008 Paris

Number of shares held at 31 December 2019: 0

Biography

François Morrisson holds a DESS in finance from Université Paris-IX, Dauphine and a Charted Financial Analyst diploma. Since 2001, he has been equity manager for Assurances du Crédit Mutuel. Previously, François Morrisson served as a bond manager at Invesco (1997–2000) and Crédit Lyonnais (1994–1996).

Office held with Covivio Hotels:

Permanent representative of ACM Vie, member of the Supervisory Board

Date of appointment: Supervisory Board meeting of 6 April 2011

Date of renewal: GMs of 16 April 2014, 7 April 2017 and 6 April 2018

Date of expiry of the term of office: General Meeting of 2021 approving the annual financial statements for the fiscal year ending 31 December 2020

Offices held within the Covivio Group:

Permanent representative of ACM Vie, member of the Supervisory Board: Covivio Hotels (SCA), public company

Director: B2 Hôtel Invest OPPCI (since 12/03/2019)

Offices held outside the Group:

None

Terms of office expired within the last five fiscal years:

Director: Eurosic SA, public company

Generali Vie

2, rue Pillet Will
75009 Paris

Paris Trade and Companies Register 602 062 481

Number of shares held at 31 December 2019: 8,857,876

Office held with Covivio Hotels:

Member of the Supervisory Board

Date of appointment: GM of 30 November 2004

Date of renewal: GMs of 15 April 2008, 4 April 2011, 16 April 2014, 7 April 2017 and 5 April 2019

Date of expiry of term of office: General Meeting called in 2022 to approve the financial statements for the year ending 31 December 2021

Offices held within the Covivio Group:

Member of the Supervisory Board: Covivio Hotels (SCA), public company

Offices held outside the Group:

Director: Generali IARD SA, Generali Luxembourg SA, company incorporated under foreign law, GFA Caraïbes, Association The Human Safety Net France (THSN France), SICAV Palatine Mediterranea, Objectif Sélection (Lazard Frères Gestion), Fonds Nouvel Investissement 1, Fonds Nouvel Investissement 2, Risque et Sérénité, Reconnaissance Europe, Association pour la Location du Moncey – Beeotop, Covivio Immobilien SE (European company), Vigeo, Carte Blanche, Comgest Monde

Member of the Supervisory Board: SCPI Foncia Pierre Rendement

Non-voting member of the Board of Directors: Fonds Logement Intermédiaire SICAV

Terms of office expired within the last five fiscal years:

Chairman: Haussmann Investissement SAS (ended in 2017)

Member of the Supervisory Board: Foncière de Paris SIIC (public company, ended in 2016), SCPI Generali Habitat (ended in 2015)

Director: Europ Assistance Holding SA (ended in 2017), Expert et Finance SA (ended in 2017), Foncière Développement Logements (SA), (ended in 2017)

Sébastien Pezet

Main function:

Manager in France of Generali Real Estate SpA

Born on 19 August 1975
in Rodez (12000) – France

French national

Business address:
2, rue Pillet Will
75009 Paris

Number of shares held at 31 December 2019: 0

Biography

Sébastien Pezet holds a master of applied economics in financial audit and business strategy from the university of Dauphine, a DESS in real estate engineering and a DECF. He began his career in 2000 at Archon Group. He then joined Generali in 2002. Since July 2015, he has held the position of Manager in France at Generali Real Estate SpA and for the United Kingdom and Belgium since 2018.

Office held with Covivio Hotels:

Permanent representative of Generali Vie, member of the Supervisory Board

Date of appointment: Supervisory Board meeting of 18 November 2008

Date of renewal: GMs of 4 April 2011, 16 April 2014 and 7 April 2017

Date of expiry of the term of office: General Meeting of 2019 approving the annual financial statements for the fiscal year ended 31 December 2018

Offices held within the Covivio Group:

Permanent Representative of Generali Vie, member of the Supervisory Board: Covivio Hotels (SCA), public company

Offices held outside the Group:

Manager in France of: Generali Real Estate SpA

Chairman of the Board of Directors and Director: OFI GR1, OFI GB 1

Permanent representative of Generali IARD, member and Director of: Association pour la location du Moncey – Beeotop (until 02/09/2019)

Representative of Generali Real Estate, Director of: Fédération des Sociétés Immobilière et Foncière

Representative of Generali to the FFA: Economic and Financial Real Estate Committee

Terms of office expired within the last five fiscal years:

Chairman of the Board of Directors and Director: SPPICAV Generali Résidentiel (ended in 2018), SPPICAV Generali Bureaux (ended in 2018), Immobilière Commerciale des Indes Orientales "ImmoCIO" (ended in 2018)

Member of the Supervisory Board: Covivio Immobilien SE, Société Européenne (ended in 2016), SA ANF Immobilier (ended in 2018)

Permanent representative of Generali France Assurances, member of the Association pour la location du Moncey: Beeotop (term ended in 2016)

Permanent representative of Generali Vie, Director: Foncière Développement Logements SA, public company (ended in 2015)

General Manager of (ended in 2015): SCI 18/20 PAIX, SCI 42 Rue Notre-Dame des Victoires, SCI 54 avenue Hoche, SCI Berges de Seine, SCI Commerces Paris, SCI Generali Carnot, SCI Generali Pyramides, SCI Generali Wagram, SCI Font Romeu Neige et SoleiL, SC Novatis, SCI Iris-La Défense, SCI Commerces Régions, SCI Generali LE Moncey, SCI du Coq, SCI Parcolog Isle-d'Abeau 2, SCI Bureau Paris, SCI Thiers Lyon, SCI Espace Seine Generali, SCI Landy Novatis, SCI Landy Wilo, SCI Generali Réaumur, SCI Le Dufy, SCI Cogipar, SCI Parcolog Lille Henin Beaumont 2, SCI Parcolog Mitry Mory, SCI Illiade Massy, SCI Beaune Logistique 1, SCI Parcolog Marly, SCI Parcolog Combs-la-Ville 1, SCI Parcolog Isle-d'Abeau 1, SCI Parcolog Bordeaux Cestas, SCI Parc Logistique Maisonneuve 2, SCI Parc Logistique Maisonneuve 3, SCI Parcolog Isle-d'Abeau 3, SCI Parc Logistique Maisonneuve 1, SCI Parc Logistique Maisonneuve 4, SARL Parcolog Lyon Isle-d'Abeau Gestion, SCI Parcolog Messageries, SCI Generali Commerce I, SCI Generali Commerce II, SCI Generali Logistique

General Manager: SCI Generali Pierre, SCI Parcolog Orchies, SCI Eureka Nanterre (ended in 2015), SCI Parcolog Gondreville Fontenoy 2 (ended in 2017)

Permanent representative of Generali Vie, member of the Supervisory Board of: Immeo AG (European company), Foncière Développement Logements SA (public company)

Cardif Assurance Vie

1, boulevard Haussmann
75009 Paris

Paris Trade and Companies Register 732 028 154

Number of shares held at 31 December 2019: 12,812,548

Office held with Covivio Hotels:

Member of the Supervisory Board

Date of appointment: Supervisory Board meeting of 19 February 2008

Date of renewal: GMs of 4 April 2011, 16 April 2014 and 5 April 2019

Date of expiry of term of office: General Meeting called in 2022 to approve the financial statements for the year ending 31 December 2021

Offices held within the Covivio Group:

Member of the Supervisory Board: Covivio Hotels (SCA), public company, Covivio Immobilien SE (European Company)

Offices held outside the Group:

Director: AEW Immocommercial SPPICAV, BNP Paribas Diversipierre SPPICAV, Carmila SA, public company, Frey SA, public company, Powerhouse Habitat SAS, Shopping Property Fund 1 SPPICAV, Health Property Fund 1 SPPICAV, Cardif El Djazair (joint stock company incorporated in Algeria), Assu-Vie Société Française d'Assurance sur la Vie SA, Icade Healthcare Europs SPPICAV SAS

Non-voting member of the Board of Directors: BNP Paribas REPM France SAS

Member of the Supervisory Board: BNP Paribas REIM France SA, Opéra Rendement SCPI, France Investipierre SCPI, Primonial, Capimmo SCI, Dauchez SA, CFH SA, Placement Ciloger 3 SCPI, FLI SCI, Accès Valeur Pierre SCPI

Member of the Supervisory Committee: PREIM Healthcare SAS, PWH Sppicav SAS, Hemisphere SCI, Plein Air Property Fund SPPICAV, Certivia 2 SICAV

Member of the Investment Committee: Frey SA, public company

Member of the Audit Committee: Frey SA, public company

Member of the Oversight Committee: Icade Santé SAS

General Manager: SCI Cardif Logements, SCI BNP Paribas Pierre I, SCI BNP Paribas Pierre II, SC Cardimmo, SC Corosa, SCI Défense Étoile, SCI Défense Vendôme, SCI Étoile du Nord, SCI Rue Moussorgski, SCI Odyssée, SCI Paris Cours de Vincennes, SCI Pantin Les Moulins, SCI Reuil Caudron, SCI Rueil Ariane, SCI Valeur Pierre Épargne, SCI 68/70 Rue de Lagny Montreuil, SCI Bobigny Jean Rostand, SCI Saint Denis Jade, SCI Saint Denis Landy, SCI Fontenay Plaisance, SCI Nanterre Guilleraies, SCI Nantes Carnot, SCI Citylight Boulogne, SCI Saint Denis Mitterrand, SCI Villeurbanne Stalingrad, SCI Le Mans Gare, SCI Paris Batignolles, SNC Les Résidences, SCI Turennes, SCI Bouleragny, SCI Vendôme Athènes, SECAR (Société Civile pour l'Étude et l'Aménagement du Centre d'Affaires Régional de Rungis)

Terms of office expired within the last five fiscal years:

Director: Foncière Développement Logement (SA), public company (ended in 2017), Office Français de Prévoyance Funéraire, Cardif Pinnacle Insurance Management Services plc, Pinnacle Insurance plc, Cardif Pinacle Insurance Holdings plc

Member of the Remuneration Committee: Foncière Développement Logement (SA), public company (ended in 2017)

Member of the Investments Committee: Foncière Développement Logement (SA), public company (ended in 2017)

Member of the Strategic Committee: FDM Management SAS (ended in 2018)

Member of the Investment Committee: Covivio Hotels SCA, public company (ended in 2018)

General Manager: SCI Clichy Nuovo (ended in 2018)

Nathalie Robin

Main function:

Head of Real Estate BNP Paribas Cardif

Born on 19 November 1962 in Paris (75012)

French national

Business address:
8, rue du Port 92728
Nanterre Cedex

Number of shares held at 31 December 2019: 0

Biography

Nathalie Robin holds a DESS in Real Estate Law and has been the Head of Real Estate of BNP Paribas Cardif (following the merger of BNP and Paribas) since 2001. Previously, she was Head of Real Estate of Natio Vie (BNP Group) from 1989 to 2001.

Office held with Covivio Hotels:

Permanent Representative of Cardif Assurance Vie, member of the Supervisory Board

Member of the Audit Committee

Date of appointment: Supervisory Board meeting of 19 February 2008

Date of renewal: GMs of 4 April 2011, 16 April 2014, 7 April 2017 and 5 April 2019

Date of expiry of term of office: General Meeting called in 2022 to approve the financial statements for the year ending 31 December 2021

Offices held within the Covivio Group:

Permanent representative of Cardif Assurance Vie, member of the Supervisory Board: Covivio Hotels (SCA), public company, Covivio Immobilien SE (European company)

Member of the Audit Committee: Covivio Hotels (SCA), public company

Offices held outside the Group:

Permanent representative of Cardif Assurance Vie, Director: AEW Immocommercial SPPICAV, Powerhouse Habitat SAS, Carmila SA, BNP Paribas Diversipierre SPPICAV, Frey SA, public company, Icade Healthcareeurope SPPPICAV SAS

Permanent representative of Cardif Assurance Vie, member of the Supervisory Board: BNP Paribas REIM France SA, Opéra Rendement SCPI, France Investipierre SCPI, Primonial Capimmo SCI, Dauchez SA, CFH SA, Placement Ciloger 3 SCPI, FLI SCI, Accès Valeur Pierre SCPI

Permanent representative of Cardif Assurance Vie, member of the Supervisory Committee: Icade Santé SAS

Permanent representative of Cardif Assurance Vie, member of the Supervisory Committee: PREIM Healthcare SAS, PWH SPPICAV SAS, Hemisphere SCI, Plein Air Property Fund SPPICAV, Certivia 2 SICAV

Permanent representative of Cardif Assurance Vie, member of the Investment Committee: Frey SA, public company

Permanent representative of Cardif Assurance Vie, member of the Audit Committee: Frey SA, public company

Permanent Representative of Cardif Assurance Vie, Non-voting member of the Board of Directors: BNP Paribas REPM France SAS

Permanent representative of Cardimmo, Director: High Street Retail SAS SPPICAV

Chairman of the Strategy and Investment Committee: Carmila

Member of the Investment Committee: Batipart Participations SAS

Member of the Advisory Board: Fonds de Logement Intermédiaire II (FLI II) SAS SPPICAV

Member of the Board of Partners: Société Civile pour l'Étude et l'Aménagement du Centre d'Affaires Régional de Rungis (SECAR)

Terms of office expired within the last five fiscal years:

Permanent representative of Cardif Assurance Vie, Director: Foncière Développement Logements (SA), public company (ended in 2017)

Permanent representative of Cardif Assurance Vie, member of the Remuneration Committee: Foncière Développement Logements (SA), public company (ended in 2017)

Permanent representative of Cardif Assurance Vie, member of the Investment Committee: Foncière Développement Logements (SA), public company (ended in 2017)

Member of the Strategic Committee: FDM MANAGEMENT SAS (ended in 2018)

Member of the Investment Committee: Covivio Hotels SCA, public company (ended in 2018)

Patricia Damerval

Main function:

Deputy General Manager, Pierre & Vacances Center Parcs Group

Born on 28 April 1964 in Paris

French national

Business address:
11, rue de Cambrai
75947 Paris Cedex 19

Number of shares held at 31 December 2019: 10

Biography

Patricia Damerval has been Deputy General Manager of the Pierre & Vacances Center Parcs Group which she joined 18 years ago. Previously, she held the position of Assistant Director of Financial Management at Société Générale. She is a graduate of the ESSEC Business School.

Office held with Covivio Hotels:

Member of the Supervisory Board

Date of appointment: GM of 6 April 2018

Date of expiry of the term of office: General Meeting of 2021 approving the annual financial statements for the fiscal year ending 31 December 2020

Offices held within the Covivio Group:

Member of the Supervisory Board: Covivio Hotels (SCA), public company

Offices held outside the Group:

Director: SNEF (SA), Adagio (SAS)

Permanent representative of PV-CP Gestion Exploitation on the Board of Directors: GIE PV-CP Services

Permanent representative of Pierre & Vacances Tourisme Europe SAS on the Board of Directors: PV-CP Distribution SA

Permanent representative of PV-CP Distribution on the Board of Directors: SA Sogire

Director of PV-CP China Holding BV (Netherlands)

Supervisor of Beau Village Tourism Development Ltd (China)

Member of the Board of Directors of the Pierre & Vacances Center Parcs group Company Foundation

Terms of office expired within the last five fiscal years:

Permanent representation of the SA S.I.T.I. on the Board of Directors of SA Lepeudry and Grimard (ended in 2016)

Permanent Representative of GIE PV-CP Services on the Board of Directors of SA Pierre & Vacances Conseil Immobilier (ended in 2017)

Director of PVCP China Company Limited (ended in 2018)

Permanent representative of SITI Holding SAS on the Board of Directors of SA Lepeudry et Grimard (ended in 2018)

Permanent representative of G.B. Développement on the Board of Directors of Pierre et Vacances SA (ended in 2018)

Permanent representative of GIE PV-CP Services on the Board of Directors of SA PV-CP Distribution (ended in 2018)

Supervisory Board Member of Center Parcs Europe N.V. (until 13/02/2019)

Permanent representative of the SA S.I.T.I. on the Board of Directors of Pierre et Vacances SA (until 30/09/2019)

Sogecap

Tour D2
17 bis, place des Reflets
92919 Paris-La Défense 2

Nanterre Trade and Companies Register 086 380 730

Number of shares held at 31 December 2019: 6,234,282

Office held with Covivio Hotels:

Member of the Supervisory Board

Date of appointment: GM of 6 April 2018

Date of expiry of the term of office: General Meeting of 2021 approving the annual financial statements for the fiscal year ending 31 December 2020

Offices held within the Covivio Group:

Member of the Supervisory Board: Covivio Hotels (SCA)

Offices held outside the Group:

Director: SA Oradea Vie, Sogelife (non-public Luxembourg company), SA Carmila, SAS Orientex Holdings, SA BG1 (Luxembourg company), SA Sogelife, SA la Marocaine Vie (Moroccan company), SA Frey (public company), SPICCAV Oteli France, Fonds Stratégique de Participations, SAS Orientex Holdings

Chairman: SAS SGI Holding SIS

General Manager SCI: Sogevimmo, Pierre Patrimoine, Sogepierre, Château Mazeyres Pomerol, SGI Immo 1, SGI Healthcare, SGI Immo 3, SGA Immo 5, SGA 45–56 Desmoulins, SGI 1–5 Astorg, SGI 10–16 Ville-l'Évêque, SGI Caen, SGI Villette, SGI Visitation, SGI Kosmo, 89 Grande Armée, Massy 30 avenue Carnot, 83–85 Grande Armée

Terms of office expired within the last five fiscal years:

Director: Sogecap Liban (Lebanese company)

Yann Briand

Main function:

Head of Real Estate of Sogecap

Born on 31 May 1974 in Carhaix-Plouguer (29)

French national

Business address:
17 bis, place des Reflets
92919 Paris-La Défense 2

Number of shares held at 31 December 2019: 0

Biography

Yann Briand holds a master's degree in Space Management and Development and Local Authorities (Paris IV) and a postgraduate degree in Commercial Real Estate (Paris I). Since 1999, he has worked for Arthur Andersen, General Electric, Catella and Société Générale in investment, appraisal and real estate consulting. Since 2014, he has been Head of Real Estate of Sogecap in charge of investment and Asset Management activities.

Office held with Covivio Hotels:

Member of the Supervisory Board

Date of appointment: GM of 6 April 2018

Date of expiry of the term of office: General Meeting of 2021 approving the annual financial statements for the fiscal year ending 31 December 2020

Offices held within the Covivio Group:

Permanent representative of Sogecap, member of the Supervisory Board: Covivio Hotels (SCA), public company

Offices held outside the Group:

Permanent representative of Sogecap, Director: BG1 SA, Oteli France, Carmila, Frey

Permanent representative of Sogecap, member of the Audit Committee: Carmila

Permanent representative of Sogecap, Chairman of the Appointments and Remuneration Committee and member of the Investment Committee: Frey

Other office in his own capacity: Sogecap Real Estate

Terms of office expired within the last five fiscal years:

None

Caisse des Dépôts et Consignations

56, rue de Lille – 75007 Paris

Special status establishment created by the Budget Act of 28 April 1816, codified in Articles L 518- 24 and R 518- 1 to R 518- 42 of the French Monetary and Financial Code

SIRENE No. 180 020 026

Number of shares held at 31 December 2019: 6,516,141

Office held with Covivio Hotels:

Member of the Supervisory Board

Date of appointment: GM of 6 April 2018

Date of expiry of the term of office: General Meeting of 2021 approving the annual financial statements for the fiscal year ending 31 December 2020

Offices held within the Covivio Group:

Member of the Supervisory Board: Covivio Hotels (SCA)

Offices held outside the Group:

Director: of La Compagnie des Alpes (public company), CNP Assurances (public company), Icade (public company), Veolia Environnement (public company)

Terms of office expired within the last five fiscal years:

None

Arnaud Taverne

Main function:

Chief Executive Officer of CDC Investissement Immobilier

Born on 18 May 1973 in Paris

French national

Business address:
56, rue de Lille
75007 Paris

Number of shares held at 31 December 2019: 0

Biography

Arnaud Taverne is a graduate of Université Paris IX Dauphine with a master's in Banking, Finance and Insurance (License, master 1 and master 2) and a master 2 (DEA) in International Economics and Finance. He began his career at PWC in 1997 (Senior Banking and Insurance Auditor) before joining Arthur Andersen in 2000 (Restructuring Transaction Advisory Services Paris, Senior Manager). In 2006, he joined the Financial Department of Veolia Transport as Head of Acquisitions.

He joined the Financial Department of the Caisse des Dépôts Group at the end of 2007 within the own-account real estate department and took over the General Management of CDC Investissement Immobilier in July 2014, an Asset Management company 100% owned by the CDC.

Office held with Covivio Hotels:

Member of the Supervisory Board

Date of appointment: GM of 6 April 2018

Date of expiry of the term of office: General Meeting of 2021 approving the annual financial statements for the fiscal year ending 31 December 2020

Offices held within the Covivio Group:

Permanent representative of Caisse des Dépôts et Consignations, member of the Supervisory Board: Covivio Hotels (SCA), public company

Offices held outside the Group:

Permanent representative of the CDC, member of the Board of Directors: OPCI AEW Immocommercial

Permanent Representative of SASU Logistis 2, member of the Supervisory Board: OPCI Foncière Franklin,

Member of the Board of Directors: AIH France SA, OPCI Oteli France

Terms of office expired within the last five fiscal years:

Permanent representative of the CDC, member of the Board of Directors: OPCI River Ouest, Le Marquis SA

Member of the Board of Directors: Oteli Europe SARL

Jean Luchet

Main function:

Voluntary Chairman of an association

Born on 12 June 1944 in Casteljaloux (47700) – France

French national

Address:
400, Venedey Hameau
de Bayonne
26230 Grignan

Number of shares held at 31 December 2019: 11

Biography

Jean Luchet is a graduate of the Institut des Sciences Politiques de Paris and the Institut d'Administration des Entreprises and has a law degree. After a career with a real estate bank (BHE) and a property development company (Rhonalcop), Jean Luchet joined Accor in 1987, where he worked until he retired in July 2008. Jean Luchet was responsible for defining and implementing the outsourcing policy for Accor's hotel assets.

Office held with Covivio Hotels:

Member of the Supervisory Board

Date of appointment: GM of 8 April 2009

Date of renewal: GMs of 4 April 2012, 10 April 2015, 6 April 2018

Date of expiry of the term of office: General Meeting of 2021 approving the annual financial statements for the fiscal year ending 31 December 2020

Offices held within the Covivio Group:

Member of the Supervisory Board: Covivio Hotels (SCA), public company

Offices held outside the Group:

Chairman: APEG (Association)

Terms of office expired within the last five fiscal years:

None

4.2.6 Special procedures for shareholder participation in General Meetings

Shareholder participation at General Meetings is governed by the legal and regulatory provisions in force and applicable to companies whose shares are listed for trading on a regulated market. These terms are described in Articles 19 to 22 of the company's Articles of Association.

After each General Meeting, the company publishes a summary of the meeting on its website, including the results of the vote for each of the resolutions presented to shareholders.

4.2.6.1 Notification – admission – quorum – majority

General Meetings of Shareholders are called by the management, the Supervisory Board or any other person having this right under the law or the Articles of Association. Notices are given in the forms and within the periods provided by law and regulations.

Meetings are held at the registered office or at any other place indicated in the notice.

Every shareholder has the right to attend General Meetings and to participate in the deliberations, in person or by proxy, upon proof of his or her identity and of the registration of the shares in the books in the name of the shareholder or of an intermediary registered on his or her behalf.

In accordance with Article R. 225-85 of the French Commercial Code, shareholders must prove ownership of their shares on the second working day preceding the General Meeting at midnight, Paris time:

- for registered shareholders, by registration of their shares with the company on that date;
- for holders of bearer shares, by book entry of their shares in their name or in the name of the intermediary registered on their behalf, no later than that date, in their securities account held by an intermediary mentioned in Article L. 211-3 of the French Monetary and Financial Code. Registration in a securities account must be recorded by a certificate of participation issued by the authorised intermediary. Such certificate must be attached to the postal or proxy voting form or the application for an admission card sent by the authorized intermediary to the company.

General Meetings are chaired by the General Manager or by one of the General Managers, if there are more than one, unless the Meeting is convened by the Supervisory Board, in which case it is chaired by the Chairman of that Board, or one of the members thereof designated for this purpose. In the event of notification by another person specially authorised by law, the Meeting is chaired by the author of the notification. In all cases, if the person authorised or appointed to chair the Meeting is absent, the Meeting shall elect its Chairman.

The duties of scrutineers shall be performed by the two shareholders present who have the greatest number of votes, both by themselves and as proxy holders, if they so accept.

The Executive Board (*bureau*) shall appoint a secretary, who may or may not be a shareholder.

At each Meeting, an attendance sheet shall be kept that contains the information required by law.

Any copy or extract of the minutes must be certified by one of the General Managers, the Chairman of the Supervisory Board or the Secretary of the Meeting.

No deliberations may be adopted at an Ordinary General Meeting without the unanimous and prior agreement of the general partner(s) with the exception of deliberations relating to the election, resignation or dismissal of members of the Supervisory Board. The deliberations of Ordinary General Meetings are adopted by a majority of the votes of the shareholders who are present or represented or vote by post at that Meeting.

A deliberation can be adopted at an Extraordinary General Meeting only with the unanimous prior agreement of the general partner(s). On an exceptional basis, if there is more than one general partner, the deliberations required to decide the transformation of the company into a company of another form will require only the prior approval of the majority of the general partners. The deliberations of an Extraordinary General Meeting are adopted, in all cases, by a majority of two thirds of the shareholders who are present or represented or vote by post.

Shareholders may vote by correspondence or give their proxy in accordance with the laws and regulations in force.

In application of the new legal and regulatory provisions, abstentions are no longer counted as votes against the resolutions put to the vote. They are now, in the same way as blank or invalid votes, excluded from the count of votes made by the shareholders present or represented.

The single form for voting by correspondence or proxy, updated with these new legal and regulatory provisions, is also available on the company's website.

After each General Meeting, the company publishes a summary of the meeting on its website, including the results of the vote for each of the resolutions presented to shareholders.

4.2.6.2 Voting rights

Each shareholder has a number of votes equal to the number of shares owned or represented.

At the close of its General Meeting of 10 April 2015, the company maintained, on the recommendation of the General Manager, the principle of "one share = one vote". This was approved by the shareholders, thereby waiving the automatic assignment of double voting rights in accordance with the Article L. 225-123 of the French Commercial Code introduced by the Florange Law of 29 March 2014 and thus amended Article 9 of the Articles of Association.

Voting rights are exercised by the owner of the shares pledged by the beneficial owner in Ordinary Meetings and by the bare owner in Extraordinary Meetings.

Shareholders may exercise their voting right in two ways:

- personally attend the General Meeting by requesting an admission card;
- use a postal or proxy voting form, which gives the shareholder the option of choosing one of the following three options:
  - give proxy to the Chairman of the General Meeting: the latter will then vote in the shareholder's name in favour of the adoption of the draft resolutions presented or approved by the General Manager and vote against the adoption of all other projects,

- vote by post by following the voting instructions provided,
- give proxy to any other natural or legal person of his or her choice attending the General Meeting by registering the contact details of that person.

The voting form is available, within the periods stated, on the company's website (www.covivio-hotels.fr), and it may be requested electronically or by post from the company or an authorised intermediary managing the shareholder's account, at least six days before the date of the General Meeting.

The final date for receipt of the forms is three calendar days before the General Meeting for postal votes and proxies in paper form.

4.2.7 Publication of the information referred to in Article L. 225-37-5 of the French Commercial Code

In accordance with the provisions of Article L. 225-37-5 of the French Commercial Code, please find hereafter our report on the elements likely to have an impact in the event of a public offer.

- Share capital structure:

  Information regarding Covivio Hotels' equity structure is presented in the company's management report.

- Statutory restrictions on the exercise of voting rights:

  Under Article 8 of the company's Articles of Association: (i) any corporate entity holding more than 10% of the share capital directly or indirectly and (ii) any shareholders who hold indirectly, through the company, a percentage of the share capital or dividend rights of publicly traded real estate management companies in Spain (SOCIMI) at least equal to the percentage specified in Article 9.3 of the Law of the Kingdom of Spain 11/2009 of 26 October 2009, the shares of which have not been registered by the second working day prior to any General Meeting of the company's shareholders, will have their voting rights will be capped at one tenth of the number of shares held. This situation may be resolved by ensuring that all the shares held directly or indirectly are registered no later than the second working day prior to the General Meeting in question.

  Article 9 bis of the Articles of Association further establishes an obligation to declare to the company every instance in which a shareholder's stake exceeds the threshold of 1% (or any multiple of that percentage) of the capital or the voting rights relating thereto, including the legal and regulatory thresholds. Such notification must be made by registered letter with return receipt addressed to the registered office within the time limit stipulated in Article R. 233-1 of the French Commercial Code.

  Unless a declaration has been duly made, shares above the fraction which should have been declared will have no voting rights attached for any General Meeting held within two years after the date of regularisation of the declaration, at the request, recorded in the minutes of the General Meeting, of one or several shareholders together holding at least 5% of the share capital.

  Article L. 233-14 para. 1 of the French Commercial Code states that shareholders who have not duly made the declarations set forth in sections I, II, VI and VII of Article L. 233-7 shall be deprived of the voting rights attached to such shares exceeding the fraction that has not been duly declared for any Shareholders' Meeting to be held until the expiry of a period of two years following the date of regularisation of the notice. Under the same conditions, the voting rights attached to such shares that have not been duly declared may not be exercised or delegated by the defaulting shareholder.

- Direct or indirect interests in the company's equity that are known to the company pursuant to Articles L. 233-7 and L. 233-12 of the French Commercial Code:

  These elements are described in Section 1.9 of the management report.

- Shares with special control rights:

  Nil.

- Control mechanism provided for employee shareholders:

  Nil.

- Agreements between shareholders that are known to the company and could restrict the transfer of shares and the exercise of voting rights.

  The companies Covivio, ACM Vie SA – Assurances du Crédit Mutuel Vie, Prévoyance Dialogue du Crédit Agricole – Predica, Pacifica, Spirica, Generali Vie, Generali Iard, L'Equité Compagnie d'Assurances et de Réassurances Contre les Risques de toute Nature (it being understood that Generali Vie, Generali Iard and L'Equité Compagnie d'Assurances et de Réassurances Contre les Risques de toute Nature are considered as a single party for the application of the agreement), Cardif Assurance Vie, Sogecap and the Caisse des dépôts et consignations, concluded, on 21 November 2019, a shareholders' agreement which cancels and replaces the shareholders' agreement which was concluded on 29 November 2004 between Covivio, ACM Vie SA, Predica, Pacifica and Generali Vie for a period of 5 years, tacitly renewable for successive periods of the same duration unless notice of termination is given by one of the parties subject to a notice period of 6 months before each successive renewal period.

  The agreement specifies a right of first offer in the case where a party wishes to transfer, to any third party, securities representing more than 1.5% of the company's equity over any 12 month period. In this case, the other investors may, alone or jointly with other beneficiaries, send to the ceding company an unconditional offer to acquire the block of shares at a given price.

  The agreement also specifies that in the case where a party to the agreement wishes to sell in the market all or part of its securities representing less than 1.5% of the company's equity over any 12 month period and so escape the scope of application of the right of first offer, it must first inform the other parties and avoid any actions likely to disrupt the proper functioning of the market. These stipulations do not apply to off-market over-the-counter transactions.

- Rules applicable to the appointment and replacement of members of the Supervisory Board and changes in the company's Articles of Association:

  The company's Articles of Association on these matters do not differ from the generally accepted guidelines for French limited partnerships.

- Powers of the General Manager with respect to an issuance or buyback of shares:

  A summary of current delegations granted by the General Meeting of Shareholders of 5 April 2019 concerning increases in the share capital is presented in Section 4.2.10, below.

  The Combined General Meeting of 5 April 2019 authorised the General Manager (resolution 10) to purchase the company's own shares. The Combined General Meeting of 3 April 2020 is asked to replace that authorisation with a new authorisation of the same purpose.

- Agreements entered into by the company that are amended or terminated in the event of a change of control of the company:

  Financing agreements in which Covivio Hotels is a borrower generally have clauses covering changes of control, which is defined as the loss of control of Covivio Hotels by Covivio. These clauses allow the lending institutions to demand repayment of the debt in the event of a change of control.

- Agreements providing for compensation by members of the Supervisory Board or employees in the event of a resignation or dismissal without real and serious cause or if employment terminates due to a public offer:

  None

4.2.8 Agreements coming under article L. 225-37-4 of the French Commercial Code

In accordance with article L. 225-37-4 item 2 of the French Commercial Code, we inform you that no agreement was made during the 2019 fiscal year, directly or by any intermediary, between firstly, one of the corporate officers or one of the shareholders holding more than 10% of the voting rights in the company, and secondly a company controlled by the company according to the meaning of article L. 233-3 of the French Commercial Code, with the exception of agreements covering routine operations and concluded under normal conditions.

4.2.9 Procedure for the assessment of routine agreements concluded under normal conditions

In application of article L. 225-39 of the French Commercial Code, the Supervisory Board meeting on 15 November 2020 set up a procedure for the annual review of routine agreements concluded under normal conditions, by a Committee set up within the company.

The procedure specifies the establishment of an internal Committee that will meet annually and which is charged to:

- conduct a review of the determining criteria for routine agreements concluded under normal conditions defined above, in order to make sure that they are always appropriate and in line with market practice;
- specifically, to analyse the normal character of the financial conditions;
- to submit agreements that no longer fulfil the said criteria for the authorisation of the Board.

The list of all agreements reviewed by the Committee and the results of the assessment made, and, where applicable, proposals to revise the criteria for these agreements, are presented each year to the Supervisory Board, which meets to examine the annual financial statements.

- If the Assessment Committee considers that an agreement signed between two companies of the Covivio Hotels Group has the character of a regulated agreement, it becomes subject to the procedure for the control of regulated agreements covered by article L. 226-10 of the French Commercial Code.
- If the Assessment Committee identifies any uncertainty concerning the qualification of an agreement, it submits it for the assessment of the Supervisory Board, it being understood that persons directly or indirectly interested in the agreement do not participate in its assessment.

Following the establishment of this procedure, the Supervisory Board updated the Internal Charter of the Covivio Group on regulated agreements and commitments published on the company's website, to include these provisions.

Applying the procedure, the Supervisory Board meeting on 11 February 2020 was informed of the list of all routine agreements concluded under normal conditions in force within the Covivio Hotels Group which were reviewed by the Committee, and the results of the assessment carried out by it concluding that all these agreements were indeed routine in character and made under normal conditions.

4.2.10 Summary of financial delegations currently in force in the area of capital increases

In accordance with Article L. 225-100 para. 7 of the French Commercial Code, the following is a summary of current delegations granted by the Combined General Meeting of Shareholders of 5 April 2019 concerning increases in the share capital:

Delegation granted by the Combined General Meeting of 6 April 2018	Validity of the delegation	Use of the delegation
Authorisation given to the General Manager to decide to increase the share capital of the company through the capitalisation of reserves, profits or premiums for a maximum nominal amount of €47,200,000. (Resolution 15)	26 months, namely until 4 June 2021	None
Authorisation given to the General Manager to issue shares and/or securities convertible to equity, maintaining shareholders' preferential right of subscription for a maximum nominal amount of €236,000,000. Nominal ceiling for the issuance of debt securities of €1,000,000,000 (corresponding to the total ceiling for all debt securities that may be issued pursuant to this delegation and those granted pursuant to Resolutions 18 t° 21). (Resolution 17)	26 months, namely until 4 June 2021	None
Authorisation given to the General Manager to issue, through a public offer, shares and/or securities convertible to equity, waiver of shareholders' preferential right of subscription nd, for issues of shares, a mandatory priority period, for a maximum nominal amount of €47,200,000. Nominal ceiling for the issuance of debt securities set at €1,000,000,000 (deducted from the total ceiling for all debt securities set in Resolution 17). (Resolution 18)	26 months, namely until 4 June 2021	None
Authorisation given to the General Manager to issue shares and/or transferable securities convertible to equity, up to a limit of 10% of the share capital, in order to pay for the contributions in kind granted to the company consisting of capital shares or transferable securities convertible to equity, with waiver of shareholders' preferential right of subscription. Nominal ceiling for the issuance of debt securities set at €1,000,000,000 (deducted from the total ceiling for all debt securities set in Resolution 17). (Resolution 20)	26 months, namely until 4 June 2021	None
Authorisation given to the General Manager to issue shares and/or securities convertible to equity, in the event of a public exchange offer initiated by the company, with waiver of shareholders' preferential right of subscription for a maximum nominal amount of €47,200,000. Nominal ceiling for the issuance of debt securities set at €1,000,000,000 (deducted from the total ceiling for all debt securities set in Resolution 17). (Resolution 21)	26 months, namely until 4 June 2021	None
Authorisation given to the General Manager to undertake capital increases reserved for employees of the company who are members of a savings plan, with waiver of shareholders' preferential right of subscription for a maximum nominal amount of €500,000. (Resolution 22)	26 months, namely until 4 June 2021	None

Hôtel Barcello Torre de Madrid
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Hotels lease terms of **13.7** years

5

Information and management AFR

5.1 General information concerning the issuer and its share capital

5.1.1 General information concerning the issuer

5.1.1.1 Corporate name (Article 2 of the Articles of Association)

Covivio Hotels

5.1.1.2 Legal form (Article 1 of the Articles of Association)

Set up in the form of a public limited company with a Board of Directors, Covivio Hotels was converted into a partnership limited by shares at the Combined General Meeting held on 30 November 2004.

5.1.1.3 Registered office (Article 4 of the Articles of Association)

The registered office of the company is located at 30, avenue Kléber, 75116 Paris.

5.1.1.4 Trade and Companies Register

The company is registered in the Paris Trade and Companies Register under number 955 515 895.

Its APE code is 6820 B.

The Siret number of the company is 955 515 895 00071.

Its LEI is 969500N2QX5LGFFZ0I67.

5.1.1.5 Share market listing

The Covivio Hotels shares (ISIN code: FR0000060303) are listed for trading on the Euronext Paris market – Compartment A.

The Covivio Hotels bonds issued in November 2012 (ISIN code: FR0011352806), in May 2015 (ISIN code: FR0012741072), and in September 2018 (ISIN code: FR0013367422) are listed for trading on the Euronext Paris market.

5.1.1.6 Nationality

The company is governed by French law.

5.1.1.7 Term of the company (Article 5 of the Articles of Association)

The company was incorporated in 1900. The duration of the company, which was due to expire on 31 December 1949, was extended for 90 years, by virtue of a decision by the Extraordinary General Meeting held on 8 May 1941, shall therefore end on 31 December 2039, unless it is liquidated early or extended.

5.1.1.8 Company purpose (Article 3 of the Articles of Association)

The purpose of Covivio Hotels, both in France and abroad, for itself or in partnership with third parties, involves:

- Primarily:
  - the acquisition of any land, real estate rights or assets, including through construction leases, particularly in the health-care and leisure sectors, and accommodation in the broad sense, as well as assets and rights that may be accessory or attached to said real estate properties or contribute to their development,
  - the construction of buildings for the health-care and leisure sectors, accommodation in the broad sense and all operations directly or indirectly connected with the construction of these buildings,
  - the operation and creation of value of such real estate properties through rental,
  - the acquisition or conclusion of any credit agreement as lessee in order to let or provide in return for payment, buildings the subject of such credit agreements,
  - directly or indirectly, the holding of equity investments in entities stipulated in Article 8 and sections 1, 2 and 3 of Article 206 of the French General Tax Code and, in general, investment in companies whose primary purpose is the operation of a rental real estate portfolio in the health-care and leisure sectors, and accommodation in the broad sense, as well as the and the promotion, management and assistance of such entities and companies.
- On an ancillary basis:
  - directly or indirectly, the leasing of any real estate properties in the healthcare and leisure sectors, and accommodation in the broad sense including through a credit agreement or financial let,
  - the management, administration, negotiation and sale of any real estate properties and rights, on behalf of third parties and direct and indirect subsidiaries, in the healthcare and leisure sectors and accommodation in the broad sense,
  - indirectly, the acquisition, holding, disposal or operation of a business in the health-care and leisure sectors and accommodation in the broad sense,
  - in exceptional circumstances, the transfer, particularly through the disposal, contribution or merger of the assets of the company.
- And more generally:
  - the participation as borrower and lender in any intra-group loan or cash transactions and the possibility of granting for this purpose any personal guarantees or security interests in real or personal property, whether mortgages or other borrowings,
  - and all civil, financial, commercial, industrial, personal and real property transactions deemed useful for the development of any one of the aforementioned purposes of the company.

5.1.1.9 Location where the documents and information relating to the company may be consulted

At the registered office: 30, avenue Kléber, 75116 Paris (telephone: +33 (0)1 58 97 51 73)

On the website: www.covivio-hotels.fr

On the AMF site: www.amf-france.org

5.1.1.10 Rights of the limited partners

The rights of the limited partner shareholders are governed by common law.

5.1.1.11 Rights and status of the limited partners (Article 18 of the Articles of Association)

The company's sole limited partner, also General Manager of the company, is Covivio Hotels Gestion, a limited joint stock company with capital of €37,000, the registered office of which is at 30, avenue Kléber 75016 Paris, registered in the Paris TCR under number 450 140 298.

The rights of the general partners are governed by common law and by the following provisions of the Articles of Association: In accordance with Article 20.4 of the Articles of Association: "Except for deliberations concerning the election, resignation or dismissal of the members of the Supervisory Board, no deliberation may be adopted at an Ordinary General Meeting, without the unanimous and prior agreement of the general partner(s). Said agreement must be obtained by the management, prior to said Ordinary General Meeting."

In accordance with Article 21.3 of the Articles of Association: "A deliberation may only be adopted at an Extraordinary General Meeting, with the unanimous and prior agreement of the general partners; nevertheless, in the case where there are multiple partners, the deliberations required to decide to transform the company into a company of another form will only require the prior agreement of the majority".

The status of general partner is lost in the cases provided for by law.

The General Partner and General Manager is definitively and jointly and severally responsible for the company's liabilities.

5.3.1.11 Fiscal year (Article 23 of the Articles of Association)

Each fiscal year lasts for 12 months, beginning on 1 January and ending on 31 December of each calendar year.

5.1.1.13 Statutory distribution of profits (Article 25 of the Articles of Association)

Out of the distributable profit for each fiscal year, a sum of €500,000 is first of all deducted and paid to the Limited partner. This statutory dividend is cumulative. The balance of the distributable profit for each fiscal year is divided among the limited shareholders, it being specified that, in accordance with the fiscal regime applicable to listed real estate investment companies ("SIIC") for which Covivio Hotels opted, the tax-exempt income arising from building rentals and dividends from companies that opted for the SIIC regime are obligatorily distributed before the end of the fiscal year following the year in which they were generated, in the respective amounts of 95% and 100%, and those stemming from the disposal of buildings or investments in companies that opted for the SIIC regime, in the amount 70%, before the end of the second fiscal year following the year in which they were generated.

5.1.1.14 General Meeting

This information is detailed in the report by the Supervisory Board on corporate governance, Chapter 4.2 of this Document.

Exceeding the statutory thresholds (Article 9 A of the Articles of Association)

In addition to the legal obligation to notify the company of the holding of certain fractions of the capital and to make any resultant declarations of intent, any physical person or legal entity, acting alone or in concert, who has come to hold or stops holding, directly or indirectly, at least one per cent (1%) of the company's capital or voting rights, or any multiple of this percentage, must notify the company, by registered post with proof of receipt request to the registered office within the period provided for in Article R. 233-1 of the French Commercial Code, also indicating the number of securities ultimately giving access to the share capital it holds, the number of related voting rights as well as all the information referred to in Article L. 233-7 I of the French Commercial Code. Mutual fund management firms must carry out such reporting for the entirety of the shares of the company held by the funds that they manage.

Unless a declaration has been made under the conditions outlined above, shares above the fraction which should have been declared will have no voting rights attached for any General Meeting held within two (2) years after the date of regularisation of the declaration, at the request, recorded in the minutes of the General Meeting, of one or several shareholders together holding at least 5% of the share capital.

5.1.2 General information concerning the capital

5.1.2.1 Form of shares – Identification of shareholders (Article 8 of the Articles of Association)

Shares will be registered or bearer shares, at the shareholder's choice. Nevertheless:

- any shareholder, other than a natural person, holding directly or through entities it controls within the meaning of Article L. 233-3 of the French Commercial Code, a percentage of the rights to dividends of the company at least equal to that stipulated in Article 208 C II ter of the French General Tax Code;
- any shareholder holding, directly or through the company, a percentage of the share capital or rights to dividends of listed public limited real estate companies in Spain (the "SOCIMI") at least equal to that stipulated in Article 9.3 of Act 11/2009 of the Kingdom of Spain, of 26 October 2019 (the "11/2009 Act")

(A "Concerned Shareholder") must register all the shares of which he/she is the registered owner, and ensure that all shares in the company held by any entities that he/she controls within the meaning of Article L. 233-3 of the French Commercial Code are also registered. Any Concerned Shareholder which has not met these obligations by the second working day prior to a General Meeting will have the voting rights it holds, either directly or via entities it controls within the meaning of Article L. 233-3 of the French Commercial Code, capped at one-tenth (1/10) of the number of shares that they hold, respectively, at the relevant General Meeting.

The Concerned Shareholder referred to above will regain all of the voting rights attached to the shares it holds, directly or via entities it controls within the meaning of Article L. 233-3 of the French Commercial Code, at the following General Meeting, provided that it regularises its situation by registering all the shares it holds, directly or via entities it controls within the meaning of Article L. 233-3 of the French Commercial Code, in registered form, by the second working day prior to that General Meeting.

The register of registered shares is held by CM-CIC Market Solutions.

Shares will be registered in the account of their owner under the conditions and the terms provided for by the legal provisions in force.

The company may use the provisions outlined in Articles L. 228-2 et seq. of the French Commercial Code at any time to identify (i) holders of securities conferring immediately or in the future voting rights in its own General Meetings of Shareholders (a "General Meeting") and (ii) holders of bonds issued by the company.

5.1.2.2 Transfer of shares (Article 8 of the Articles of Association)

The shares may be freely disposed of and transmitted under the conditions and the terms provided for by the legal provisions in force. Where the company and third parties are concerned, shares are disposed of by transferring them from one account to the other.

5.1.2.3 Rights and obligations attached to shares (Article 9 of the Articles of Association)

Each share gives the right, in the ownership of company assets, in the profit distribution and in the liquidation surpluses, to a proportional part of the share of the capital it represents.

Shareholders are only responsible for company debts up to the limit of their contribution, i.e. the value of their shares.

Each shareholder will have the same number of votes as the number of shares owned or represented. No double voting rights are conferred pursuant to Article L. 225-123, last paragraph, of the French Commercial Code.

Each share gives the right to participate in the General Meetings of Shareholders, with entitlement to vote, under the conditions and subject to the reservations provided for by the law, the regulations and the Articles of Association.

Any person with one or more shares is bound by the Articles of Association and by all decision taken by the General Meetings.

Every time it is required to own several shares to exercise any right whatsoever, the shareholders are personally responsible for pooling together the required number of shares and do not hold any right against the company.

Shares are indivisible with respect to the company. Consequently, joint owners are required to be represented in relation to the company by only one of them.

Each of the shares gives the right, in the case of breakdown or redemption, to the same net sum. Consequently, all the shares shall be taken together irrespective of any tax exemptions such as any taxation likely to be paid by the company to which this breakdown or this redemption may give rise.

Any Concerned Shareholder whose own position or that of its partners makes:

(i) the company liable for the withholding ("Withholding") stipulated in Article 208 C II ter of the French General Tax Code; or

(ii) the SOCIMI regime, whose capital is held directly or indirectly by the company, liable for the Spanish withholding (the "Spanish Withholding") stipulated in Article 9.3 of Act 11/2009.

(a "Shareholder subject to Withholding") will be required to compensate the company, or the SOCIMIs, whose capital is held directly or indirectly by the company, for the Withholding and/or the Spanish Withholding due, arising from a distribution of dividends, reserves, premiums or "income deemed distributed" within the meaning of the French General Tax Code or Act 27/2014 of 27 November 2014 of the Kingdom of Spain, on corporate income tax, respectively, according to the terms of Article 9.3 hereafter.

Any Concerned Shareholder is assumed to be a Shareholder subject to Withholding. If he or she states that he or she is not a Shareholder subject to Withholding, he or she shall provide the company upon request:

(i) for the requirements of the Withholding, no later than (5) business days prior to payment of the distributions by providing a satisfactory legal opinion without reservations, issued by an internationally renowned law firm with recognised expertise in French tax law or of the country where the Concerned Shareholder resides, certifying that he or she is not a Shareholder subject to Withholding and that the distributions paid to him or her do not make the company liable for Withholding;

(ii) for the requirements of the Spanish Withholding, no less than five (5) business days prior to payment of the distributions by the SOCIMIs whose capital is held directly or indirectly by the company, a certificate of fiscal residence issued by the competent authority of the country where the Concerned Shareholder states is resident and, no less than five (5) business days prior to payment of the distributions by providing a satisfactory legal opinion without reservations that he or she is not a Shareholder subject to Spanish Withholding and that the distributions paid by the SOCIMIs, whose capital is held directly or indirectly by the company, do not make the company liable for Spanish Withholding due to their investment in the company.

In the event that (a) the company directly or indirectly holds a percentage of the dividend rights at least equal to that stipulated in Article 208 C II ter of the French General Tax Code or more than one or several listed real estate investment companies stipulated in Article 208 C of the French General Tax Code ("SIIC Subsidiary"), or (b) the company directly or indirectly holds a percentage of the share capital or the dividend rights of one or more SOCIMIs at least equal to that stipulated in Article 9.3 of Act 11/2009, and, where the SIIC Subsidiary or said SOCIMI, due to the position of the Shareholder subject to Withdrawal, has paid the Withholding or the Spanish Withholding, the Shareholder subject to Withholding should, depending on the case, compensate the company either for the amount paid as compensation by the company to the SIIC Subsidiary, or the SOCIMI concerned by the payment of the Withholding by the SIIC Subsidiary or the Spanish Withholding by the SOCIMI or, if no compensation is paid to the SIIC Subsidiary or the SOCIMI by the company, an amount equal to the Withholding paid by the SIIC Subsidiary or the Spanish Withholding paid by the SOCIMI concerned, so that the other shareholders of the company do not have to financially bear any part of the Withholding or the Spanish Withholding paid respectively by any one of the SIICs or SOCIMIs in the investment chains due to the Shareholder subject to Withholding "Additional Compensation". The amount of the Additional Compensation will be paid by each of the Shareholders subject to Withholding proportionately to their respective dividend rights divided by the total dividend rights of the Shareholders subject to Withholding.

The company will be entitled to make an offset between its receivables under the indemnity against any Shareholder subject to Withholding, on the one hand, and the sums which must be paid by the company thereto, on the other hand. Thus, the sums distributed by the company which must, for each share held by said Shareholder subject to Withholding, be paid thereto in application of the aforementioned distribution decision or share redemption, will be reduced by the amount of the Withholding or Spanish Withholding due by the company or the SOCIMIs for the distribution of these sums and/or the Additional Compensation.

The amount of any compensation owed by a Shareholder subject to Withholding will be calculated in such a manner that, after payment thereof and taking into account any specific tax regime that maybe applicable to it, the company will be placed in the same position as if the Withholding or the Spanish Withholding had never become due. In particular, the compensation should include any tax due by the company as compensation.

The company and the Concerned Shareholders must cooperate in good faith to ensure that all reasonable measures are taken to limit the amount of Withholding or the Spanish Withholding due or to become due and the compensation arising or that could arise from it.

5.1.2.4 Conditions for modification of the share capital (Article 7 of the Articles of Association)

Authorisations to change the share capital are set out in the management report.

The share capital may be increased or reduced, by any means or in any way authorised by the law.

Any increase or reduction in the share capital must be decided by an Extraordinary General Meeting of Shareholders, after having obtained the unanimous consent of the Limited partners.

The Supervisory Board makes a report on any proposal to increase or reduce the share capital proposed by the Management Board to the shareholders.

In accordance with the law, the General Meeting of Shareholders may delegate to the Management Board all powers required to carry out the proposed capital increase or reduction, determine the amount, the terms and conditions and take all steps required for the successful completion of the operation.

5.1.2.5 Financial instruments that do not represent share capital

Nil.

5.1.2.6 Other securities giving access to the share capital

Nil.

5.1.2.7 Authorisation to increase the share capital

The summary of the delegations currently in force granted by the General Meeting of Shareholders of 6 April 2018 concerning increases in the share capital of the company is given in the report by the Supervisory Board on corporate governance in section 4.2.8.

5.1.2.8 Change in the share capital over the last five years

The summary of changes in the share capital over the last five fiscal years is given in the management report, in section1.7.4.

5.1.3 Shareholding structure of the company

The share capital and voting rights over the last three fiscal years is presented in the management report in section 1.7.2.

5.1.3.1 Information on the main shareholders at 31 December 2019

The main shareholders or group of shareholders are presented in the management report in section 1.7.

5.1.3.2 Significant agreements

5.1.3.2.1 Shareholders' agreement

Shareholders' agreement between Covivio, ACM Vie, Predica, Pacifica, Generali Vie, Spirica, Generali Vie, Generali Iard, L'Equité Compagnie d'Assurances et de Réassurances Contre les Risques de toute Nature, Cardif Assurance Vie, Sogecap and Caisse des Dépôts et Consignations

On 21 November 2019, the companies Covivio, ACM Vie SA – Assurances du Crédit Mutuel Vie, Prévoyance Dialogue du Crédit Agricole – Predica, Pacifica, Spirica, Generali Vie, Generali Iard, L'Equité Compagnie d'Assurances et de Réassurances Contre les Risques de toute Nature (it being specified that Generali Vie, Generali Iard and L'Equité Compagnie d'Assurances et de Réassurances Contre les Risques de toute Nature are considered one and the same party for the application of the agreement), Cardif Assurance Vie, Sogecap and Caisse des Dépôts et Consignations, entered into a shareholders' agreement, which cancels and replaces the shareholders' agreement entered into on 29 November 2004 between Covivio, ACM Vie SA, Predica, Pacifica and Generali Vie, for a period of five years tacitly renewable by successive periods of the same duration unless terminated by one of the parties subject to abiding by a notice period of six months prior to each successive renewal period.

The agreement provides for a right of first offer.

Kombon SAS shareholders' agreement between Caisse des Dépôts et Consignations, Sogecap, Covivio Hotels, Covivio Hotels Gestion Immobilière and Kombon SAS

On 1 July 2019, Caisse des Dépôts et Consignations, Sogecap, Covivio Hotels, Covivio Hotels Gestion Immobilière and Kombon SAS entered into a Partners' Agreement to govern the relation between the partners in Kombon SAS (the company), the Chairman, Covivio Hotels Gestion Immobilière and the company, and to define the terms and conditions for the management and governance of the latter company, as well as for transferring the company's shares. The agreement prohibits the transfer of the securities of the company until the expiry of a period of three years, i.e. until 30 June 2022; however it allows for some exemptions (free transfer). It provides for a right of first refusal by the partners in the event that one of them seeks to sell its shareholdings on expiry of the period of inalienability and a pre-emptive right. The agreement also provides for a tag-along right.

The agreement is concluded for a 10-year term, tacitly renewable for periods of one year up to a maximum of five renewals, unless terminated by one of the parties subject to abiding by a notice period of six months prior to the end of the initial or annual term.

Oteli France shareholders' agreement between Caisse des Dépôts et Consignations, Sasu Fonae, Sogecap, Orientex Holdings, Covivio Hotels, Covivio SGP, Covivio Hotels Gestion Immobilière and Oteli France

On 1 July 2019, Caisse des Dépôts et Consignations, Sasu Fonae, Sogecap, Orientex Holdings, Covivio Hotels, Covivio SGP, Covivio Hotels Gestion Immobilière and Oteli France entered into a Partners' Agreement to govern the relations between the partners in Oteli France (the company), the management company, Covivio Hotels Gestion Immobilière and the company, and to define the terms and conditions for the management and governance of the latter company and its subsidiaries, as well as for transferring the company's shares. The agreement prohibits the transfer of the securities of the company until the expiry of a period of three years, i.e. until 30 June 2022; however it allows for some exemptions (free transfer). It provides for a right of first refusal by the partners in the event that one of them seeks to sell its shareholdings on expiry of the period of inalienability and a pre-emptive right. The agreement also provides for a tag-along right.

The agreement is concluded for a 10-year term, tacitly renewable for periods of one year up to a maximum of five renewals, unless terminated by one of the parties subject to abiding by a notice period of six months prior to the end of the initial or annual term.

Jouron shareholders' agreement between Caisse des Dépôts et Consignations, Simplon Belgique SAS, Sogecap, Covivio Hotels, Murdelux, Covivio Hotels Gestion Immobilière and Jouron SPRL

On 1 July 2019, Caisse des Dépôts et Consignations, Simplon Belgique SAS, Sogecap, Covivio Hotels, Murdelux, Covivio Hotels Gestion Immobilière and Jouron SPRL entered into a Partners' Agreement to govern the relations between the partners of Jouron SPRL (the company), the General Manager, Covivio Hotels Gestion Immobilière and the company, and to define the terms and conditions for the management and governance of the latter company, as well as for transferring the company's shares. The agreement prohibits the transfer of the securities of the company until the expiry of a period of three years, i.e. until 30 June 2022; however it allows for some exemptions (free transfer). It provides for a right of first refusal by the partners in the event that one of them seeks to sell its shareholdings on expiry of the period of inalienability and a pre-emptive right. The agreement also provides for a tag-along right.

The agreement is concluded for a 10-year term, tacitly renewable for periods of one year up to a maximum of five renewals, unless terminated by one of the parties subject to abiding by a notice period of six months prior to the end of the initial or annual term.

Partners' Agreement between Covivio Hotels and Predica

On 6 December 2010, the companies Covivio Hotels and Predica signed a Partners' Agreement in order to govern their relations with a view to acquiring from the Accor group hotel properties operated in France, Germany and Belgium under the trade names Suite Novotel, Ibis budget, Ibis and Novotel. These acquisitions were made by setting up an OPCI which indirectly held the assets in France and through a French holding company which indirectly holds the assets in Germany and Belgium. Consequently, the parties have organised their relations within each of the holding companies set up in this way. The agreement provides for a prohibition to transfer the securities of the OPCI or the holding company until after the fifth anniversary of the date of completion of the operation and however allows exemptions. It provides for a right of first refusal by the partners in the event that one of them seeks to sell its shareholdings on expiry of the period of inalienability. The agreement also provides for a tag-along right and a right of expulsion.

Shareholders' agreement relating to the Pei project between Covivio Hotels and Predica and the Crédit Agricole Assurances entities

On 24 May, 2011, the companies Covivio Hotels, Predica, Pacifica, Imefa Cent Deux, Imefa Quatre and Imefa Cent Vingt Huit signed a shareholders' agreement in order to govern their relations with a view to acquiring from the Louvre Hotels Group hotel properties operated in France under the Campanile trade name. These acquisition were made by setting up an OPCI which indirectly held all the assets through its subsidiary Campeli. Consequently, the parties have organised their relations within the OPCI Camp Invest and subsidiary Campeli. The agreement provides for a prohibition to transfer the securities of the OPCI until after the fifth anniversary of the date of completion of the operation and however allows exemptions. It provides for a right of first refusal by the partners in the event that one of them seeks to sell its shareholdings on expiry of the period of inalienability. The agreement also provides for a tag-along right and a right of expulsion.

Partners' Agreement relating to the Dahlia project between Covivio Hotels, Predica and the SCI Holding Dahlia

On 29 November 2011, the companies Covivio Hotels, Predica, and the SCI Holding Dahlia signed a Partners' Agreement in order to govern their relations with a view to selling hotel properties, leased to AccorInvest and operated in France under the trade names Ibis and Novotel, to one or more entities 80% held by Predica and 20% by Covivio Hotels. The agreement provides for a prohibition to transfer the securities of the SCI Dahlia until after the fifth anniversary of the date of completion of the operation, saving exemptions. It provides for a right of first refusal by the partners in the event that one of them seeks to sell its shareholding on expiry of the period of inalienability.

Shareholders' agreement relating to the company B2 hotel Invest between Covivio Hotels, Predica and the Crédit Agricole Assurances entities and ACM Vie

On 6 November 2012, the companies Covivio Hotels, Loire, Foncière Manon, Predica, Pacifica, the entities in the Crédit Agricole Assurances group, and Assurance du Crédit Mutuel Vie, a mutual insurance company, signed a shareholders' agreement in order to govern their relations with a view to acquiring from ANF a portfolio of hotel properties operated in France under the trade name B&B. These acquisitions were made by setting up an OPCI which indirectly held all the assets through Foncière B2 hotel Invest. Consequently, the parties sought to organise their relations within the OPCI B2 hotel Invest. The agreement provides for a prohibition to transfer the securities of the OPCI until after the fourth anniversary of the date of the agreement the operation and however allows exemptions. It provides for a right of first refusal by the partners in the event that one of them seeks to sell its shareholdings on expiry of the period of inalienability. The agreement also provides for a tag-along right and a right of expulsion.

Partners' Agreement relating to the company SAS Samoëns between Covivio Hotels, and OPCI ACM Lagune with SAS Samoëns and Assurance du Crédit Mutuel Vie present

On 13 May 2016, Covivio Hotels and OPCI ACM Lagune signed a Partners' Agreement to govern their relations within the partnership consisting of a joint company for the purpose of acquiring from Club Méditerranée the land on which a holiday village will be built on a site located in "Plateau de Saix" in the commune of Samoëns, to be operated by Club Méditerranée. The village will comprise 420 rooms for rental and 161 rooms or apartments intended for the Club Méditerranée personnel as well as 222 parking spaces. The agreement provides for a prohibition to transfer the securities until after the fifth anniversary of the date the commercial lease to be signed with the Club Méditerranée takes effect and however allows exemptions. It also provides for a rendez-vous clause after a period of 10 years as from the date the commercial lease takes effect.

Following the signing of the Partners' Agreement relating to the company Foncière Développement Tourisme between Covivio Hotels and Caisse des Dépôts et Consignations on 21 September 2016, and the disposal by Covivio Hotels of all its shares in the Samoëns company to Foncière Développement Tourisme on 29 September 2016, on the same date Foncière Développement Tourisme joined the Partners' Agreement initially signed on 13 May 2016 by Covivio Hotels and OPCI ACM Lagune and hence agreed to be irrevocably bound by the undertakings set forth in the agreement to the same degree as Covivio Hotels, and to comply with all the stipulations thereof, as though it had been an original party acting as partner with effect on 29 September 2016.

5.1.3.2.2 Other contracts

Secured bond issue of €255 million

On 16 November 2012, the company issued a €255 million mortgage bond to institutional investors backed by hotel assets leased to AccorInvest. The issue involves 1,275 bonds priced at €200,000 each, maturing on 16 November 2019, with a coupon of 3.6820%. It enables Covivio Hotels to continue to diversity its sources of finance, reduce the cost of debt and extend its maturity.

In December 2014, Covivio Hotels extended by two years its €242 million bond secured by hotel assets for a coupon reduced to 2.7540% as from 16 February 2015.

Bond issue loan of €200 million by private placement

On 29 May 2015, a bond of €200 million by private placement was issued to institutional investors. The issue involves 2,000 bonds with a nominal value of €100,000 each, maturing on 29 May 2023, with a coupon of 2.218%.

Bond issue of €350 million

In September 2018, the company issued a 7-year bond for €350 million (maturing on 24 September 2025). The issue, after obtaining a BBB rating with a positive outlook from Standard & Poor's has a coupon of 1.875%.

5.1.3.2.3 Principal financial agreements

The principal financial agreements are detailed in the notes to the financial statements presented in Part 3 "Financial Information" of this Universal Reference Document.

5.2 Presentation of the company

5.2.1 History

Created in 1900, then obtained stock market listing in 1903, the business of Établissements Ferrand et Renaud was the manufacture of pastas and all other related products.

In 1961, the company contributed its industrial and commercial business to the new companies Régia-Scaramelli and Semoulerie de Bellevue, and the entire real estate comprising the Lyon factory and a new company. After these contributions, it became a holding company.

Since 2001, the date the last significant asset disposal was made, the Ferrand et Renaud business was limited to a 35% shareholding in Oralia Investissements, a company managing real estate and a portfolio of securities.

For Ferrand et Renaud, fiscal year 2004 was marked by the disposal of some assets with a low unit value but above all by the disposal on 29 November 2004, of the whole shareholding in Oralia to its current majority shareholder for €11,480,433 and its real estate subsidiary Foch to Mr Christian Baverey.

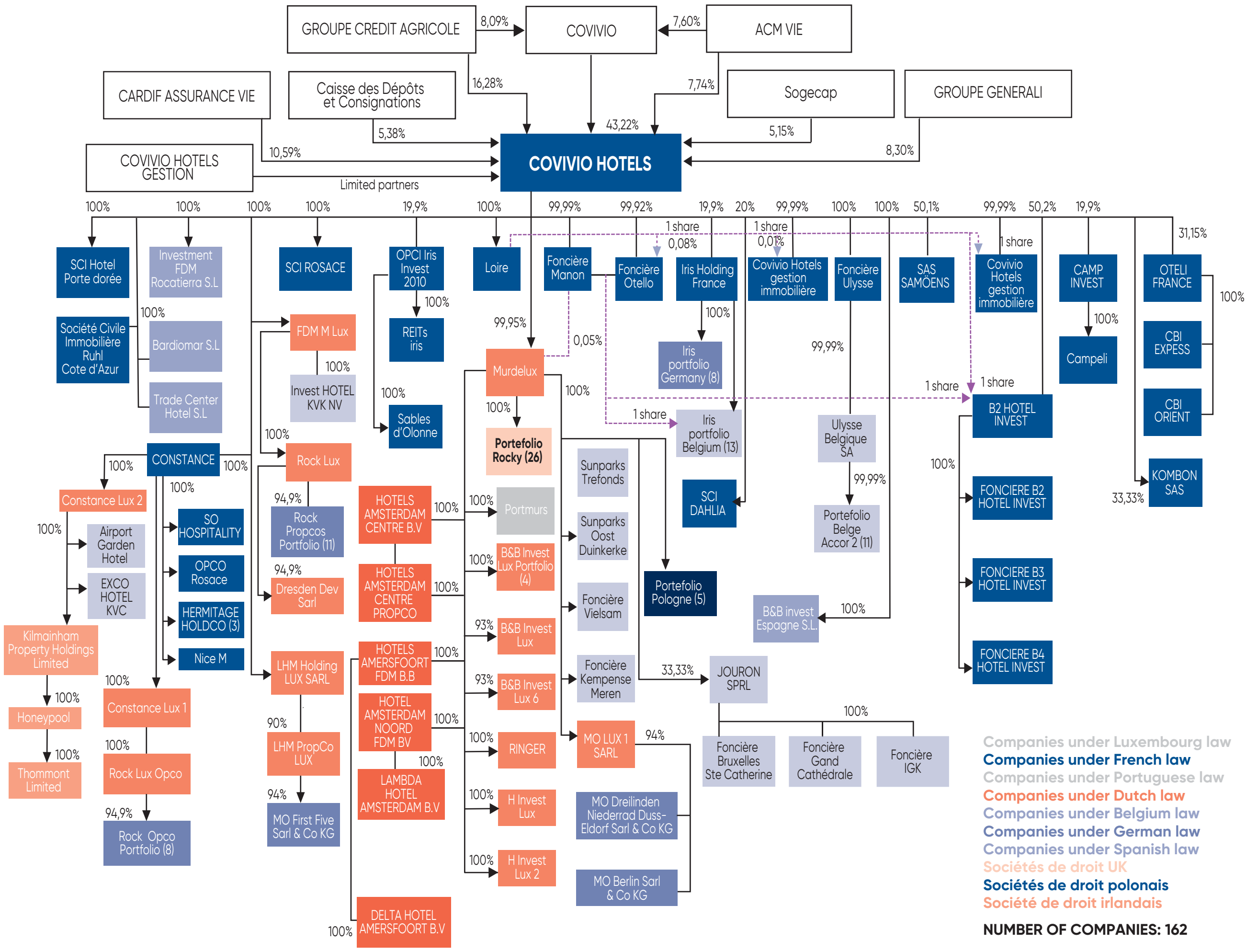
On 30 November 2004, Ferrand et Renaud, now Foncière des Murs, acquired SCI Foncière des Murs. This operation lay within the scope of the project to restructure the company into becoming a REITs specialised in long-term ownership of lease properties in the healthcare and leisure sectors and accommodation in the broad sense.

At the Combined General Meeting of 14 September 2018, the company decided to change its identity and its brand, consistent with the change made at Covivio level. To make this new identity and corporate name consistent, it was decided to adopt "Covivio Hotels" as the company's new corporate name.

On 31 December 2019, Covivio Hotels held a portfolio of 409 assets (including 20 operating properties and one asset under development) with a total appraised value of €5,973 million (excluding transfer duties) in Group share (i.e. €6,693 million in total share), spread across France and Europe, of which 333 are hotels, 54 restaurants and 22 garden centres.

5.2.2 Group organisation chart at 31 December 2019

Details of Covivio Hotels and its subsidiaries at 31 December 2019 are as follows:



The percentage held and voting rights of Covivio Hotels in its subsidiaries is identical. Only the share capital distribution and voting rights of the company's shareholders may vary depending on the number of treasury shares the company holds (without voting rights).

Furthermore:

- details of the main shareholders' agreements are given in 5.1.3.2.1;
- details of the transactions between related parties are given in 3.2.7.4;
- the special report by the Statutory Auditors on the regulated agreements within the company is presented in Chapter 3.7.

Majority shareholder

Covivio holds 43.22% of the share capital of Covivio Hotels. The summary of the distribution of the Covivio share capital at 31 December 2019 is given in detail below:

Name of shareholders	Number of shares	%
Delfin Group	23,161,231	26.55
Covea Group	6,176,962	7.08
Crédit Agricole Assurances Group	7,046,310	8.08
CM-CIC Group	6,624,678	7.60
Banque Populaire Alsace Lorraine Champagne	880,691	1.01
Free float, registered and other bearers	43,159,319	49.48
Treasury shares	170,715	0.20
TOTAL	**87,219,906**	**100.00**

5.3 Administration, management and Supervisory Board

5.3.1 Management (Article 10 of the Articles of Association)

The company is managed and administered by one or more general managers. The first General Manager, appointed for a period of six years, is the company Covivio Hotels Gestion, a simplified joint stock company with capital of €37,000 the registered office of which is at 30, avenue Kléber, 75116 Paris, registered in the Paris TCR under number 450 140 298.

During the company's existence, any new General Manager shall be appointed unanimously by the General Partners, with the agreement of the Supervisory Board or, if applicable, the General Meeting.

The company Covivio Hotels Gestion, appointed as first General Manager of the company, shall be considered as automatically resigning from the position of general manager in the case where it ceases to be directly or indirectly controlled, within the meaning of Article L. 233-3 of the French Commercial Code, by Covivio, unless the new controlling shareholder of said General Manager was approved by the Supervisory Board.

When the functions of a General Manager come to an end, the management is carried out by the remaining General Manager or Managers, without prejudice to the right of the Managing Partners to appoint a new General Manager as replacement, or to re-appoint the outgoing General Manager.

In the event that the functions of the sole General Manager are terminated, one or more new general managers will be appointed, or the sole General Manager will be reappointed. Nevertheless, while awaiting this or these appointments, the management is carried out by the limited partner or partners who may then delegate all powers necessary for managing the company's business until the new general manager or managers are appointed.

Each General Manager may be dismissed at any time for incompetence (whether or not the consequence of a collective procedure), or for any other cause by a unanimous decision of the General Partners; each General Manager may also be dismissed for a legitimate reason by a court decision.

5.3.2 Powers and remuneration of the General Manager (Articles 10, 11 to 14 of the Articles of Association)

Powers of the general manager (Articles 10 and 14 of the Articles of Association)

The General Manager has the widest possible powers to act in all circumstances in the name of the company within the limits of the corporate purpose and subject to the powers granted expressly by law and the Articles of Association to General Meetings of Shareholders and the Supervisory Board.

In this regard it is indicated that the General Manager of the company should, in accordance with Article 14 of the Articles of Association, obtain prior authorisation from the Supervisory Board, ruling by a three-fifths majority, on operations to subscribe to bank loans, purchase properties or equity investments, divestments or granting any guarantee, comfort letter or pledge when their amount exceeds €10 million.

Remuneration of the General Manager (Article 11 of the Articles of Association)

The General Manager(s) shall together have an annual compensation for their functions of €1 million, said remuneration being indexed annually on the basis of changes in the Syntec index recorded on 31 December of the preceding year. The reference index is the index at 31 December 2008.

No other remuneration may be allocated to the General Managers, for their term of office, without have been decided beforehand by the Ordinary General Meeting following the unanimous consent of the limited partners.

Furthermore, the general manager or managers have the right to be reimbursed for all the expenses and cost of any nature arising from the use of external service providers, carried out in the interest of the company or the companies it controls, directly or indirectly, within the meaning of Article L. 233-3 of the French Commercial Code.

More detail on remuneration of the General Manager is given in the Supervisory Board's report on corporate governance.

5.3.3 Supervisory Board (Articles 12 to 15 of the Article Association)

The company has a Supervisory Board comprising at least three members selected exclusively from among the shareholders who are neither Limited partners nor a General Manager.

The members of the Supervisory Board are appointed or removed by the Ordinary General Assembly of Shareholders, as the shareholders who are general partners cannot vote on the corresponding resolutions.

The duration of the term of office of the Supervisory Board's members is three years at most and each member must own at least one share in the company.

The members of the Supervisory Board may receive annual remuneration, in the form of attendance fees, the amount of which, charged to the overheads, is determined by the Ordinary General Meeting and shall stand until a contrary decision is taken by this Meeting.

5.3.3.1 Composition of the Covivio Hotels Supervisory Board

The Supervisory Board is comprised of 14 members, natural persons or legal entities, selected from among the shareholders. The composition of the Supervisory Board as well as the curricula vitae and terms of office and functions exercised by each of these persons is given in the Supervisory Board report on corporate governance.

5.3.3.2 Operation of the Supervisory Board

5.3.3.2.1 Powers of the Supervisory Board (Article 14 of the Articles of Association)

The Supervisory Board permanently controls the management of the company as provided for by law.

It prepares a report for the Ordinary Annual General Meeting, which approves the company's financial statements, as well as at the time of any increase or reduction in the share capital proposed to the shareholders. The prior authorisation of the Supervisory Board, ruling by a three-fifths majority, is require before implementation of the following operations by the General Manager:

- subscription to bank borrowings;
- purchase of buildings or equity investments;
- divestments;
- granting of any guarantee, comfort letter or pledge;
- when their amount exceeds €10,000,000.

When their amount does not exceed €50,000,000, the Supervisory Board may authorise it in a single deed signed by the members of the Supervisory Board ruling by a three-fifths majority.

Furthermore, up to a limit of a certain annual amount it will determine, it may authorise the general manager to give guarantees in the company's name.

The Supervisory Board meets at least four times per year, once per quarter, and the General Manager provides the Supervisory Board with the following information, taking into account, where appropriate, the activities of the company and its subsidiaries on a consolidated basis:

- at the Supervisory Board meeting held during the second quarter of the fiscal year, the draft consolidated balance sheet, consolidated income statement, draft statement of consolidated financial flows, and report by the Statutory Auditors on the consolidated financial statements;
- at the Supervisory Board meeting held in the fourth quarter of each fiscal year, an annual consolidated budget as well as the company's annual cash flow projections and the consolidated cash flow of the company and its subsidiaries;
- at each of the quarterly meetings, a business report, comprising all the elements determined by the Supervisory Board, and a description of major events that occurred during the previous quarter.

More generally, the General Manager should provide the Supervisory Board with the same documents as those given to the Statutory Auditors as well as any document or information that the Supervisory Board may reasonably request.

The Supervisory Board's prior agreement is also required for the appointment or renewal of any General Manager with the exception of the appointment of the first General Manager.

Accordingly, the Supervisory Board has a maximum of twenty (20) days from the notification it received from the limited partners on the appointment or renewal project, to give or to refuse its consent.

In the event that, on two successive occasions within a period of two months, the Supervisory Board refuses this consent for two successive candidates, even though the company is without a General Manager and the management is temporarily carried out by the limited partners, consent may be given by the Ordinary General Meeting of the Shareholders ruling in the majority, called by the limited partner or partners submitting one of these two candidates only.

In the case where the consent of the Supervisory Board or the General Meeting is not obtained pursuant to the foregoing sections, the managing partner or partners shall appoint a third person. If the Supervisory Board does not give its consent to this new person, his or her appointment shall be submitted to the Ordinary General Meeting, which may only refuse its consent on a two-thirds majority of the shareholders present or represented.

5.3.3.2.2 Meetings of the Supervisory Board (Articles 13 and 14 of the Articles of Associations)

The Supervisory Board meets as often as required by the interests of the company and, in any case, at least four times per year, in particular to hear the report by the management on the company's businesses. Except in an emergency, the members of the Supervisory Board must be called to a meeting at least one week prior to the date of the Board meeting.

The meetings may be convened by the Chairman of the Supervisory Board, as well as by at least half of its members, or by each of the general managers and general partners of the company. The general manager or managers must be called to the meeting at which they attend on a purely consultative basis.

For the deliberations to be valid, at least half the members must be present.

Deliberations are adopted by a majority of the members present or represented and who are entitled to vote. Any member of the Supervisory Board may be represented by another member of the Board on presentation of an express authorisation bearing in mind that a member of the Board may represent several members. In the case of a tied vote, the Chairman shall have the casting vote.

The members of the Board taking part in the meeting by video conference shall be considered as present when calculating the quorum and the majority.

The Statutory Auditors are called to the meetings of the Supervisory Board which examines the annual or interim financial statements.

5.3.3.2.3 Duties of the members of the Supervisory Board (Article 1.6 of the internal regulations)

Details of the duties of the Board members are given in the report by the Supervisory Board on corporate governance in section 4.2.1.6.

5.3.3.2.4 Declarations relative to the disclosures required pursuant to 12.1 and 12.2 of the Appendix to Delegated Regulation (EU) 2019/980 of 14 March 2019

This information is detailed in the report by the Supervisory Board on corporate governance, section 4.2.1.7 of this Document.

5.3.3.2.5 Conflicts of interest – family links

There are no family links between the members of the Covivio Hotels Supervisory Board.

As things stand, we do not have any information leading to the conclusion that there are other potential conflicts of interest.

The Internal Regulations of the Supervisory Board establishes, in its Article 1.6.5., a procedure to prevent conflicts of interest when the Board or a Committee meets.

5.3.3.2.6 Extraordinary events and litigation

To the best of our knowledge, there were no governmental, judicial or arbitration proceedings during the last 12 months with significant effect on the financial position or the profitability of Covivio Hotels and its subsidiaries.

5.3.4 Statutory Auditors

5.3.4.1 Statutory Auditors

	Statutory Auditors	Date of appointment	Expiry of term of office
Principal	**Cabinet Mazars** Tour Exaltis 61, rue Henri Regnault, 92400 COURBEVOIE	30 November 2004 Renewed on 8 April 2010 and on 8 April 2016	OGM ruling on the annual financial statements closed at 31 December 2021
	Ernst & Young et Autres 1/2 Place des Saisons Paris-La Défense 1 92400 COURBEVOIE	11 April 2013 Renewed on 5 April 2019	OGM ruling on the annual financial statements closed at 31 December 2024
Alternates	**Cyrille Brouard** Tour Exaltis 61, Rue Henri-Regnault 92400 COURBEVOIE	6 April 2005 Renewed on 8 April 2010 and on 8 April 2016	OGM ruling on the annual financial statements closed at 31 December 2021

5.3.4.2 Remuneration of the Statutory Auditors

The remuneration of the Statutory Auditors is presented in section 3.2.7.6 of the notes to the consolidated financial statements.

5.4 Person responsible for the document

5.4.1 Person responsible for the document

Dominique Ozanne

Chairman of Covivio Hotels Gestion

Managing partner

5.4.2 Statement of the person responsible

I hereby certify, after having taken all reasonable measures to this effect, that the information contained in this Universal Reference Document is, to the best of my knowledge, in accordance with the facts and makes no omission likely to affect its import.

I hereby certify, to the best of my knowledge, that the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the portfolio, financial position and results of the company and all its consolidated companies, and that the information in the management report on page 5 fairly reflects the development of the business, the results and the financial position of the company and all its consolidated companies, as well as a description of the main risks and uncertainties they face.

Paris, 5 March 2020

Dominique Ozanne

Chairman of Covivio Hotels Gestion

Managing partner

Person in Charge of the Financial Information

5.4.3 Historical financial information

Pursuant to Article 19 of the EU regulation 2017/1129 of 14 June 2017, the following information is incorporated by reference in this Universal Reference Document:

- the consolidated financial statements for the fiscal year ended 31 December 2018 as well as the corresponding reports by the Statutory Auditors on page 63 to 110 of the 2018 Reference Document filed with the AMF on 8 March 2019 under No. D.19-0126;
- the consolidated financial statements for the fiscal year ended 31 December 2017 as well as the corresponding reports by the Statutory Auditor on page 92 to 133 of the 2017 Reference Document filed with the AMF on 7 March 2018 under No. D.18-0106.

A reconciliation between the IFRS and EPRA data was made during the first year in which the data was communication in the EPRA format, in 2010. It is available on page 154 of the 2010 Reference Document. No change was made in the restatements since this reconciliation.

These documents are available at the company's registered office at 30, avenue Kléber, 75116 Paris, as well as on its website (www.covivio-hotels.fr) and on the website of the *Autorité des marchés financiers*.

5.5 Annual information document (Article 221-1-1 of the AMF General Regulation)

5.5.1 Communication on the basis of regulatory information published on the AMF website and on the Covivio Hotels website

10 January 2019	Liquidity contract half-year statement at 31 December 2018
17 January 2019	Announcement of the disposal of €482 million in non-strategic assets
13 February 2019	2018 Annual results
21 February 2019	Asset contributions to Covivio Hotels
1 March 2019	Arrangements for making documents available in preparation for the General Meeting
8 March 2019	Arrangements for making the 2018 Reference Documents available
27 March 2019	Publication of information on the total number of voting rights and shares making up the share capital
28 March 2019	Issue of new shares to remunerate the contribution of shares in FDT
4 April 2019	Issue of new shares to remunerate the contribution of the securities of SCI Ruhl Côte d'Azur
5 April 2019	Publication of information on the total number of voting rights and shares making up the share capital
5 April 2019	Description of the 2019 share buyback programme
1 July 2019	Acquisition of an equity interest in a portfolio of 32 assets
9 July 2019	Liquidity contract half-year statement at 30 June 2019
12 July 2019	2019 half-year results
18 November 2019	Announcement of a new agreement to develop B&B Hotels in Poland
6 January 2020	Announcement of the €620 million acquisition of emblematic hotels in Europe
29 January 2020	Liquidity contract half-year statement at 31 December 2019
12 February 2020	2019 Annual results

5.5.2 Publications in the BALO (*Bulletin des Annonces Légales Obligatoires*)

27 February 2019	Publication of the meeting notice for the Combined General Meeting on 05/04/2019
18 March 2019	Publication of the convening notice for the Combined General Meeting on 05/04/2019
3 May 2019	Publication of the final financial statements at 31/12/2018

5.6 Summary appraisers' report

Dominique Ozanne

Covivio Hotels
10, avenue Kléber
75116 Paris

Paris, 12 February 2020

Dear Sir,

We have the honour of attaching herewith our summary report on the appraisal of the fair value of the Covivio assets as at 31 December 2018.

5.6.1 General background on the appraisals

General framework

Covivio requested us to appraise the fair value of the assets comprising its portfolio in France, Germany, Portugal, the Netherlands, Belgium, the United Kingdom and Spain. This request was part of the half-year valuation of its portfolio.

These appraisals were conducted with complete independence.

The appraisal companies BNP Paribas Real Estate Valuation, CBRE Valuation, Cushman & Wakefield Valuation France, Crédit Foncier Expertise, HVS, Christie & Co and MKG have no capital ties with Covivio.

The appraisal companies BNP Paribas Real Estate Valuation, CBRE Valuation, Cushman & Wakefield Valuation France, Crédit Foncier Expertise, HVS, Christie & Co and MKG certify that the appraisals were performed by, and under the responsibility, of qualified appraisers.

The annual fees billed to Covivio are determined before the appraisal year. They account for less than 10% of the revenues of each appraisal company.

The rotation of the appraisers is organised by Covivio.

We have not identified any conflict of interest in this appraisal.

The assignment is in compliance with the AMF recommendation concerning the presentation of the real estate portfolio valuation for listed companies published on 8 February 2010.

Current appraisal

Our assignment was to appraise the fair value of the 274 assets in France, 63 assets in Germany, three assets in the Netherlands, 16 assets in Belgium, one asset in Portugal, 12 assets in the United Kingdom and 20 assets in Spain. For this assignment, Covivio requested us to carry out initial appraisals or updates on documents.

Our assignment was to appraise the fair value announced at 31 December 2019.

The assets appraised are located in France, Germany, Portugal, the Netherlands, Belgium, the United Kingdom and Spain. They are primarily assets that are wholly owned by Covivio or by its subsidiaries.

It should be noted here that, when the client is the tenant under the terms of a credit agreement, the appraiser values only the assets underlying the contract, and not the credit agreement itself. In the same way, when a real estate asset is held by a special purpose entity, its value was estimated on the assumption of the sale of the underlying real estate asset, and not the sale of the company.

5.6.2 Engagement conditions

Documents examined

This assignment was conducted on the basis of the documents and information provided during the month of October 2019 and the preceding years for the sites being updated, and which is assumed to be accurate and to represent all the information and documents in the possession of, or known to, the client, which could have an impact on the fair value of the portfolio. Accordingly, title deeds and zoning certificates are not examined.

Standards

The appraisals and valuations were completed in accordance with:

- the recommendations of the Barthès de Ruyter report on the valuation of real estate portfolios of listed/publicly traded companies, published in February 2000;
- the Charter for Expert Appraisal in Real Estate Valuation;
- the recommendations set out by the RICS appraisal standards published by the Royal Institute of Chartered Surveyors;
- the principles laid down by the SIIC code of ethics.

Methodology used

For assets making up the various portfolios, being investment properties, we have taken:

- for hotel assets: the leasing revenue discount method and the Discounted Cash Flow method;
- for "retail premises": the leasing revenue discount method and the Discounted Cash Flow method.

5.6.3 Comprehensive fair value

5.6.3.1 The fair value appraised by the Crédit Foncier Expertise appraisal companies

The comprehensive fair value corresponds to the sum of the unit values each of asset.

Fair value at 100%: €799,320,000 excluding expenses and duties.

Presentation of the appraisal values per class of assets:

Sectoral breakdown	Valuation	Number of assets
Accor assets	568,100,000	22
Operating properties assets	65,800,000	2
Retail premises assets	165,420,000	75
TOTAL	**799,320,000**	**99**

5.6.3.2 The fair value appraised by the BNP Paribas Real Estate Valuation appraisal company

The comprehensive fair value corresponds to the sum of the unit values each of asset.

Fair value at 100%: €456,106,027 excluding expenses and duties.

Presentation of the appraisal values per class of assets:

Sectoral breakdown	Valuation	Number of assets
B&B assets	136,227,791	18
Motel One assets	103,286,676.	3
Leisure assets	216,591,560	3
TOTAL	**456,106,027**	**24**

5.6.3.3 Fair value appraised by the Cushman & Wakefield Valuation France appraisal company

The comprehensive fair value corresponds to the sum of the unit values each of asset.

Fair value at 100%: €1,724,420,000 excluding expenses and duties.

Presentation of the appraisal values per class of assets:

Sectoral breakdown	Valuation	Number of assets
Accor assets	603,920,000	60
NH Hotel Group assets	209,000,000	8
Spain assets	655,100,000	16
Leisure assets	80,600,000	1
Operating properties assets	175,800,000	3
TOTAL	**1,724,420,000**	**88**

5.6.3.4 Fair value appraised by the HVS appraisal company

The comprehensive fair value corresponds to the sum of the unit values each of asset.

Fair value at 100% (in £): €825,433,988 excluding expenses and duties.

Presentation of the appraisal values per class of assets:

Sectoral breakdown	Valuation (in £)	Number of assets
UK assets	825,433,988	12
TOTAL	**825,433,988**	**12**

5.6.3.5 Fair value appraised by the CBRE Hotels Valuation appraisal company

Fair value at 100%: €2,031,014,800 excluding expenses and duties.

Presentation of the appraisal values per class of assets:

Sectoral breakdown	Valuation	Number of assets
Accor assets	565,004,800	24
B&B assets	501,320,000	92
Operating properties assets	881,787,000	8
MEININGER assets	82,903,000	2
TOTAL	**2,031,014,800**	**126**

5.6.3.6 Fair value appraised by the Christie & Co appraisal company

Fair value at 100%: €410,250,000 excluding expenses and duties.

Presentation of the appraisal values per class of assets:

Sectoral breakdown	Valuation	Number of assets
B&B assets	165,260,000	23
MEININGER assets	48,950,000	1
LHM assets	56,270,000	8
NH Hotel Group assets	139,770,000	2
TOTAL	**410,250,000**	**34**

5.6.3.7 Fair value appraised by the MKG appraisal company

Fair value at 100%: €108,632,504 excluding expenses and duties.

Presentation of the appraisal values per class of assets:

Sectoral breakdown	Valuation	Number of assets
Operating properties assets	108,632,504	6
TOTAL	**108,632,504**	**6**

5.6.4 General comments

These values are understood as being based on the market remaining stable and no significant changes occurring to the assets between the appraisal date and the value date.

This summary report is an element that cannot be separated from the work carried out by each of the appraisers in their assignment.

Each of the appraisers confirms the values of the assets for which they themselves performed the appraisal or update, without assuming responsibility for those performed by the other appraisal companies.

HVS London
Sophie Perret
Director

Christie & Co
Carine Bonnejean
Managing Director

Cushman & Wakefield Valuation France
Philippe Dorion
Directeur Général Adjoint

Crédit Foncier Expertise
Philippe Taravella
Directeur Général

CBRE
Bruno Juin
Senior Director

BNP Paribas Real Estate Valuation
Jean-Claude Dubois
Président

MKG
Vanguélis Panayotis
Président

Hôtel Kimpton Fitzroy Londres
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Investments initiated **5** new countries in 2019: Ireland, Poland, Italy, Hungary and the Czech Republic

Cross-reference table

Cross-reference table

To facilitate the reading of the annual report registered as the Universal Registration Document, the following theme-based table enables identification of the main information required by European regulation (EC) No. 809/2004 by the European Commission of 29 April 2004.

8.	**Cash and share capital**	
8.1	Issuer capital	§ 3.1.4 p. 72; § 3.2.5.11 p. 92
8.2	Sources and amounts of cash flows	§ 3.1.5 p. 73; § 1.5.1.7 p. 29; § 3.2.5.10 p. 91
8.3	Borrowing conditions and financing structure	§ 1.5.1.7 p. 29; § 3.5.5.12 p. 92
8.4	Restriction on the use of funding	N/A
8.5	Financing sources needed to fulfil commitments relating to investment decisions	§ 3.2.5.12 p. 92
9.	**Regulatory framework**	**§ 1.6 p. 35**
10.	**Information on trends**	
10.1	Main trends	§ 1.1 p. 6; § 1.9.6 p. 55
10.2	Events that may influence trends	§ 1.2.1 p. 6; § 3.2.5 p. 84
11.	**Earnings projections or estimates**	**N/A**
12.	**Administrative, management and supervisory bodies and General Management**	
12.1	Information on members of the administrative, management, and supervisory bodies	§ 4.2.1 p. 172; § 4.2.4 p. 186
12.2	Administrative, management and supervisory bodies and senior management conflicts of interest	§ 4.2.1.6 p. 180; § 5.3.3.2.5 p. 226
13.	**Remuneration and benefits**	
13.1	Amount of remuneration paid and benefits in kind	§ 4.2.4.1. p. 186; § 4.2.4.2 p. 187; § 1.7.7 p. 51 ; § 5.3.2 p. 225
13.2	Total amount provisioned or recognised for pension payments retirement schemes and other benefits	§ 3.5.5.13 p. 96 and 3.5.3.4.2 p. 132
14.	**Operation of the administrative and management bodies**	
14.1	Date of expiration of current term of office	§ 4.2.1.2 p. 173
14.2	Information on service agreements binding the members of the administrative bodies to the issuer or any of its subsidiaries	§ 1.9.7 p. 55; § 3.5.6.3 p. 142
14.3	Information about the issuer's Audit Committee and Remuneration Committee	§ 4.2.2 p. 183
14.4	Issuer's compliance with the current applicable corporate governance system	§ 4.2. p. 172 and suivantes
14.5	Changes liable to affect corporate governance	§ 4.2.1.2 p. 173
15.	**Employees**	
15.1	Number of employees at period-end covered by the historical financial information	§ 3.2.7.1 p. 103; § 3.5.6.1 p. 142
15.2	Profit-sharing and stock options	§ 1.7.6 p. 51
15.3	Agreement on employees' profit-share in issuer's capital	N/A
16.	**Principal shareholders**	
16.1	Shareholders holding more than 5% of the share capital or voting rights	§ 1.7.2 p. 48
16.2	Existence of different voting rights	§ 1.7.2 p. 48
16.3	Control of the issuer	§ 1.7.2 p. 48
16.4	Known agreement by the issuer, the implementation of which could, subsequently, lead to a change in its control	N/A
17.	**Transactions with related parties**	**§ 1.9.7 p. 55; § 3.2.7.4 p. 108**
18.	**Financial information concerning the issuer's portfolio, financial position and results**	
18.1.	Historical financial information	§ 1.5.2.6 p. 34; § 5.4.3 p. 228
18.2.	Pro forma financial information	N/A
18.3.	Verification of annual historical financial information	N/A
18.4.	Interim and other financial information	N/A
18.5.	Dividend distribution policy	§ 1.8.2 p. 53; § 1.5.2.5 p. 33
18.6.	Arbitration and judicial proceedings	§ 5.3.3.2.4 p. 226 and § 5.3.3.2.6 p. 227
18.7.	Significant change in the financial or commercial position	N/A

19.	**Additional information**	
19.1.	Share capital	§ 5.1.2 p. 219
19.2.	Corporate charter and Articles of Association	§ 5.1.1 p. 218 and § 5.1.2 p. 219
20.	**Significant agreements**	**§ 1.2.2.3 to 1.2.2.5 p. 15, § 1.2.3.3 p. 18; § 5.1.3.2 p. 221**
21.	**Documents accessible to the public**	**§ 5.5 p. 229**

Table of concordance with the annual financial report

Type of information

1.	**Management report on the fiscal year ended on 31 December 2019**	**p. 5**
2.	**Company earnings over the past five fiscal years**	**p. 34**
3.	**Consolidated financial statements as at 31 December 2019**	**p. 67 to 114**
4.	**Statutory Auditors' fees**	**p. 108**
5.	**Statutory Auditors' report on the consolidated financial statements**	**p. 115**
6.	**Company financial statements as at 31 December 2019**	**p. 118 to 146**
7.	**Statutory Auditors' report on the annual financial statements**	**p. 146**
8.	**Statutory Auditors' report on pro forma financial information**	**N/A**
9.	**Statutory Auditors' special report on regulated agreements and commitments**	**p. 150**
10.	**Report by the Supervisory Board on corporate governance**	**p. 172**
11.	**Statement of the person responsible for the document**	**p. 228**
12.	**Annual information document**	**p. 223**

Table of concordance with report of Annual General Meeting

Type of information

1.	**Management report on the fiscal year ended on 31 December 2019**	**p. 5**
2.	**Supplementary report by the General Manager to the Combined General Meeting of 3 April 2020**	**p. 56**
3.	**Report by the Supervisory Board to the Combined General Meeting of 3 April 2020**	**p. 170**
4.	**Report by the Supervisory Board on corporate governance**	**p. 172**
5.	**Internal control organisation**	**p. 41**
6.	**Statutory Auditors' report on the consolidated financial statements**	**p. 115**
7.	**Statutory Auditors' general report on the annual financial statements**	**p. 146**
8.	**Statutory Auditors' report on pro forma financial information**	**N/A**
9.	**Statutory Auditors' report on regulated agreements and commitments**	**p. 150**
10.	**Resolutions proposed to the Combined General Meeting of 3 April 2020**	**p. 153**

Notes

Notes

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