COVIVIO
HOTELS

# UNIVERSAL REGISTRATION DOCUMENT

2020 EDITION

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

COVIVIO HOTELS

# 2020 Universal Registration Document

including the Annual Financial Report

AUTORITÉ DES MARCHÉS FINANCIERS AMF

This Universal Registration Document was filed on 15 March 2021 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**

*Société en commandite par actions*
(a French partnership limited by shares) with share capital of €530,190,464
Registered office: 30, avenue Kléber Paris 75116 Paris
Trade and Companies Register 955 515 895

# Key figures 2020

## 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 326 hotels located at the centre of major European cities. It currently partners with around 16 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 31/12/2020**

**78%** Hotel leased properties

**20%** Hotels under management

**2%** Retail

| (€K) | | Fiscal year 2020 | Fiscal year 2019 |
|---|---|---|---|
| **Revenues, Group share** | | **144,035** | **292,518** |
| of which: | Hotel leased properties (rental income) | 124,546 | 212,727 |
| | Hotels under management (EBITDA) | 7,565 | 67,428 |
| | Retail premises (rental income) | 11,924 | 12,363 |

| (€K) | | Fiscal year 2020 | Fiscal year 2019 |
|---|---|---|---|
| **Portfolio value, Group share** | | **5,937,410** | **5,973,274** |
| of which: | Hotel leased properties | 4,644,013 | 4,566,484 |
| | Hotels under management | 1,173,589 | 1,240,370 |
| | Retail premises | 119,808 | 166,420 |

Simplified consolidated income statement

| (€K) | Fiscal year 2020 | Fiscal year 2019 |
|---|---|---|
| Net Rental Income | 132,991 | 240,320 |
| Managed hotel income | 7,877 | 69,878 |
| Net cost of operations | -20,827 | -21,534 |
| Depreciation of operating assets | -42,858 | -42,285 |
| Net change in provisions and other | 4,745 | 10,635 |
| **Current operating income** | **81,928** | **257,014** |
| Income from asset disposals | -1,133 | 27,026 |
| Income from value adjustments | -327,627 | 244,988 |
| Income from disposals of securities | -92 | 4,101 |
| Income from changes in scope | -3,802 | -14,955 |
| **Operating income (loss)** | **-250,725** | **518,174** |
| Net financial income/(charges) | - 117,174 | -131,483 |
| Share of income from companies accounted for under the equity method | -13,509 | 20,359 |
| Net income before tax | **-381,409** | **407,049** |
| Taxes | 46,280 | -15,027 |
| **Net income** | **-335,129** | **392,022** |
| Profit from discontinued operations | 0 | 0 |
| Minority interests | -2,267 | -39,760 |
| **Net income Group share** | **-337,396** | **352,262** |

Figures, Group share

| | Fiscal year 2020 | Fiscal year 2019 |
|---|---|---|
| Net income, Group share (€ per share) | -2.64 | 2.93 |
| EPRA Earnings (€ million) | 38.8 | 209.2 |
| EPRA Earnings (€ per share) | 0.30 | 1.74 |
| EPRA NTA (€ million) | 3,195 | 3,630 |
| EPRA NTA (€ per share) | 24.1 | 30.0 |
| EPRA NDV (€ million) | 2,819 | 3,202 |
| EPRA NDV (€ per share) | 21.3 | 26.5 |
| Dividend* (€ per share) | 0.26 | 1.55 |

* 2020 dividend proposed to the General Meeting of 8 April 2021

| Number of shares during the period | Fiscal year 2020 | Fiscal year 2019 |
|---|---|---|
| Number of shares at opening | 121,036,633 | 118,057,886 |
| Number of shares created by capital increase | 11,510,983 | 2,978,747 |
| Number of shares at period-end* | 132,547,616 | 121,036,633 |
| Average number of shares | 127,735,648 | 120,283,966 |

* Including treasury shares: 10,497 at 31/12/2020 (versus 3,049 at 31/12/2019)

Simplified consolidated balance sheet

| (€K) | Net 31/12/2020 | Net 31/12/2019 | | Net 31/12/2020 | Net 31/12/2019 |
|---|---|---|---|---|---|
| **ASSETS** | | | **LIABILITIES** | | |
| Non-current assets | 6,553,360 | 6,439,551 | Shareholders' equity | 3,117,712 | 3,486,133 |
| Current assets | 150,669 | 209,108 | Non-current liabilities | 3,284,478 | 3,124,574 |
| Cash | 101,759 | 164,728 | Current liabilities | 403,598 | 202,681 |
| **ASSETS** | **6,805,788** | **6,813,387** | **LIABILITIES** | **6,805,788** | **6,813,387** |

## Features of debt as at 31 December 2020

At 31 December 2020, the Group share of net financial debt stood at €2,690 million, with an average rate for the period of 1.99% and an average maturity of 4.4 years. In 2020, the average active hedging rate was 77.4%.

Motel One Paris Porte Dorée
© Covivio / DR

**326** 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 2020, a portfolio of 395 assets, including 326 hotels, with a total appraisal value of €6.6 billion (€5.9 billion Group share), located throughout France and Europe.

The strategy of Covivio Hotels, Europe's leading hotel real estate company, is based on partnerships with the most innovative hotel operators in France and in the rest of Europe. It is in this spirit of partnership that Covivio Hotels worked in 2020 to implement support solutions to help its tenants weather the unprecedented crisis faced by all players in the sector.

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**

At the beginning of the year, the European hotel business remains severely affected by the consequences of the pandemic but the first effects of the vaccination campaigns now deployed in Europe, and more particularly in the countries in which Covivio Hotels operates, together with the end of travel restrictions, should allow a gradual recovery of the hotel business. Covivio Hotels will be able to rely on the quality and diversity of its let portfolio, operated by leading European and international operators, to bring about long-term growth in its results.

# 1.2 Activity of the company and its subsidiaries

## 1.2.1 Events in 2020

### Hotel industry particularly impacted by the crisis

The European hotel business has been affected by an unprecedented crisis since the end of the first quarter 2020. Lockdowns and travel restrictions forced hoteliers to close most of their hotels in the first half of 2020. Performance in July and August showed the hotel industry was able to bounce back, resulting in a 39% August occupancy rate in Europe compared to the 7% in May. However, all European countries were impacted by further restructions imposed in autumn. RevPar decliend by a total of 67.3% in Europe in 2020.

### Strong partnerships with hotel operators

Covivio Hotels, a long-standing partner of the leading hotel operators, has been working to implement solutions to help them through this crisis. Agreements reached with 95% of fixed-lease tenants (B&B, NH Hotels, Barcelo, Motel One, Meininger, Melia Hotels International, HCI, Club Med, Pierre & Vacances Group, Hotusa Group) have eased operators' difficulties through rent-free periods or payment facilities, while extending the firm term of their commitments. The negotiations increased the average firm lease term of Covivio Hotels by 1.5 years.

### Revenues in 2020 heavily impacted by the crisis

Covivio Hotels revenues fell by -54.8% on a like-for-like basis. The decrease in revenues from variable rent hotels (AccorInvest) was -73%. On hotels in the United Kingdom leased to IHG, no rent was recognised due to the major underperformance clause included in the lease. For the other leased hotels, agreements made with tenants limited the decline in like-for-like revenues to -3.4%. Lastly, for hotel operating properties, closures over a large part of 2020 impacted performance by -88% compared to 2019.

### Finalisation of acquisition of 8 hotels leased to NH Hotels in major European touristic city centers

Covivio Hotels remains confident in the medium-/long-term outlook for tourism in Europe. Therefore, in September 2020 it completed the acquisition for €573 million, signed earlier in the year, of eight hotels in Rome, Florence, Venice (x2), Nice, Prague and Budapest (x2).

Offering a total of 1,115 rooms, these hotels are operated by NH Hotel Group under long-term triple-net leases for a firm term of 15 years, subject to a minimum guaranteed variable rent producing a minimum yield of 4.7%.

### €144 million from sales of hotel and retail assets in 2020

Covivio Hotels raised €144 million from the sale of hotel and retail assets in 2020, consisting of 15 B&B hotels (11 in Germany and four in France) and seven retail properties (six Jardiland and one Courtepaille), at prices in line with their 2019 appraisal values.

## 1.2.2 Hotels portfolio

### 1.2.2.1 European hospitality market

#### In France

*(Source: MKG)*

France was the European country most resilient to the crisis in 2020 with a RevPar of -61.3%, mainly driven by the overall occupancy rate of 32.5%. This result is mainly due to a low occupancy rate in Cannes and the city of Paris (23.4% and 22.6% respectively) but also to the weak performance by the upscale & luxury hotel segment with a -74% drop in RevPar. However, three provincial cities did better with RevPar falls of -50.3% in Marseille, -50.9% in Nantes and Rennes.

#### In Germany

*(Source: MKG)*

Like France, Germany proved more resilient than its European neighbours with a decline of 63.8% in RevPar. This decrease in RevPar was less severe in the secondary cities: -50.6% in Leipzig and -51.9% in Dresden compared to -74.6% in Munich, -68.5% in Berlin and -68.7% in Frankfurt. The decrease was comparable across the different hotel ranges.

#### In Belgium and the Netherlands

*(Source: MKG)*

Belgium and the Netherlands are at the back of the pack in Western Europe, with a decrease in RevPar of -72.8% and -73.5% respectively. This decline in activity in Belgium was, however, offset by Liège, which posted an occupancy rate of 44.0% over the year, thus recording a decline in RevPar limited to -48.2%. The Netherlands recorded a decrease of -73.5% in RevPar driven by the largest drop in average prices on the continent (-24.2%). Amsterdam loses -79.6% of RevPar.

#### In Spain and Portugal

*(Source: MKG)*

Spain and Portugal were heavily impacted by the crisis in 2020 and recorded respectively -75.1% and -75.8% of RevPar. Some cities in Spain have a particularly low occupancy rate: 19.3% in Barcelona, 20.4% in Palma de Mallorca and 22.2% in Madrid. However, Oviedo and Zaragoza slowed down the overall decrease with annual occupancy rates of 27.3% and 32.9% respectively, and price squeeze of less than 10%.

#### In the United Kingdom

*(Source: MKG)*

The United Kingdom was particularly affected by the health crisis and associated lockdowns. RevPar plunged by -70.5% compared to 2019. This result was notably driven by Edinburgh, which lost -31% in average prices and -81.1% in RevPar. London lost -76.5%.

#### In Italy

*(Source: MKG)*

Italy achieved -76.7% of RevPar in 2020, going from -75.7% in Naples to -84.1% in Florence. Average prices fell by 23% and the country's average occupancy rate stood at 22.5%.

#### In Central and Eastern Europe

*(Source: MKG)*

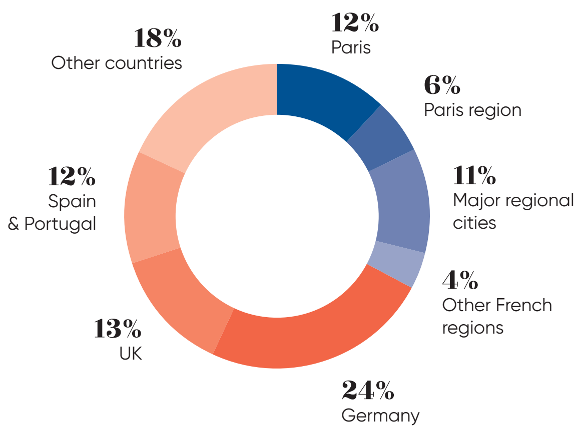
Poland achieved a 26% occupancy rate over the year and a decrease in RevPar of -67.6%. In Prague, these figures are 15.3% and -85.3%. Finally, they are 15.6% and -82.3% in Budapest.

### 1.2.2.2 Overview of the portfolio

The portfolio comprises 326 hotels and has a balanced distribution both in terms of range and geographically. The hotel real estate business (rental income from operating properties and Managed hotel EBITDA) generated total revenues of €147 million in 2020, with a Group share of €132 million, up 55% year-on-year on a like-for-like basis.

#### Geographic breakdown of hotels by value at 31 December 2020 (€5,818 million in Group share)

At 31 December 2020, the appraisal value of the hotel portfolio held by Covivio Hotels totalled €5,818 million, or a Group share of €6,501 million (excluding duties).



The detailed list of assets is as follows:

| Tenants | Brand | Asset Name | Town/City | Country | Number of rooms |
|---|---|---|---|---|---|
| AC Hotels | 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 |

| Tenants | Brand | Asset Name | Town/City | Country | Number of rooms |
|---|---|---|---|---|---|
| AccorInvest | Ibis | Ibis Nantes Centre Tour Bretagne | Nantes | France | 140 |
| 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 |

| Tenants | Brand | Asset Name | Town/City | Country | Number of rooms |
|---|---|---|---|---|---|
| AccorInvest | Novotel | Novotel Paris Gare Lyon | Paris | France | 253 |
| 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 | Braunschweig | Braunschweig | Germany | 78 |
| 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 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 | Kassel | Kassel | Germany | 74 |
| 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 | 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 | Niederrad | Franckfurt | Germany | 148 |
| B&B | B&B | Nuremberg | Nuremberg | Germany | 135 |

| Tenants | Brand | Asset Name | Town/City | Country | Number of rooms |
|---|---|---|---|---|---|
| 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 | 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 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 |
| 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 |

| Tenants | Brand | Asset Name | Town/City | Country | Number of rooms |
|---|---|---|---|---|---|
| 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 | 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 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 |
| B&B | B&B | Rouen Saint-Étienne-du-Rouvray | St Étienne-Du-Rouvray | 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 | Lyon Caluire | Caluire-et-Cuire | France | 120 |
| B&B | B&B | Porte De Choisy | Ivry-sur-Seine | France | 182 |

| Tenants | Brand | Asset Name | Town/City | Country | Number of rooms |
|---|---|---|---|---|---|
| B&B | B&B | Romainville | Noisy-le-Sec | France | 107 |
| B&B | B&B | 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 | Independent | York | York | UK | 155 |
| IHG | Voco | Voco Glasgow Grand Central | Glasgow | UK | 243 |
| IHG | Independent | Wotton House | Wotton | UK | 125 |
| HCI | Holiday Inn | Holiday Inn Ciudad De Las Ciencas | Valence | Spain | 100 |
| HCI | Ramada | Madrid Tres Cantos | Madrid | Spain | 61 |
| Radisson | Radisson | Paseo Del Arte | Madrid | Spain | 260 |
| Senator Hotels | Playa Senator | Playa Capricho | Roquetas De Mar | Spain | 323 |
| HCI | Ramada | Almussafes | Almussafes | Spain | 133 |
| MEININGER | MEININGER | Munich | Munich | Germany | 173 |
| MEININGER | MEININGER | Lyon Zimmermann | Lyon | France | 176 |
| 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 |

| Tenants | Brand | Asset Name | Town/City | Country | Number of rooms |
|---|---|---|---|---|---|
| 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 |
| NH Hotel Group | Antanara | Palazzo Naiadi | Rome | Italy | 238 |
| NH Hotel Group | NH Collection | Palazzo Dei Dogi | Venice | Italy | 64 |
| NH Hotel Group | NH | Santa Lucia | Venice | Italy | 100 |
| NH Hotel Group | NH Collection | Palazzo Gaddi | Florence | Italy | 86 |
| NH Hotel Group | Antanara | NY Palace Budapest | Budapest | Hungary | 185 |
| NH Hotel Group | NH Collection | Budapest City Center | Budapest | Hungary | 138 |
| NH Hotel Group | NH Collection | Carlo IV | Prague | Czech Republic | 152 |
| NH Hotel Group | Antanara | Plaza Nice | Nice | France | 152 |
| Pierre & Vacances | Sunparks | Kempense Meren | Kempense Meren | Belgium | 594 |
| Pierre & Vacances | Sunparks | Oostduinkerke | Oostduinkerke | Belgium | 283 |
| **Sub-total Hotel operating properties** | | | | | **306** |

| 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 |
| IHG | 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 |
| **Sub-total operating properties assets** | | | | | **20** |
| **TOTAL HOTEL REAL ESTATE ASSETS** | | | | | **326** |
| **TOTAL ROOMS** | | | | | **46,889** |

* internal management platform wholly owned by Covivio Hotels

### 1.2.2.3 Partnership with AccorInvest, a subsidiary of the Accor group

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 5,100 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 300,000 employees working for Accor brands worldwide, the group's customers and partners have been benefiting from its knowledge and expertise for almost 45 years.

In 2019, Accor generated revenues of €4.0 billion.

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 882 hotels with 131,189 rooms in nearly 28 countries.

### 1.2.2.4 Partnership with B&B

As of 31 December 2020, Covivio Hotels owns, directly or indirectly, 144 B&B hotels in France, Germany, Spain and Poland, valued at €864 million.

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 1990. 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. The Group has continued to grow and now expects to end the year with more than 620 hotels (55,000 rooms). 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 16 hotels operated by IHG in the UK, France and Belgium. These were valued at €880 million as at 31 December 2020.

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 Retail portfolio

### 1.2.3.1 Market overview

#### Commercial food service market

The commercial catering market in France was severely impacted by the Covid-19 crisis, with administrative closures initially from 14 March to 15 June 2020 and again from 29 October.

#### Garden centre market

In France, the gardening market performed relatively well in 2020, despite the Covid-19 crisis. The sector held up better than the hotel and catering sector.

### 1.2.3.2 Portfolio overview

At 31 December 2020, Covivio Hotels' portfolio of retail premises comprised 69 assets with an estimated value of €120 million. The portfolio consists of 53 restaurants belonging to the Courtepaille Group and 16 Jardiland assets.

**List of restaurants held at 31/12/2020**

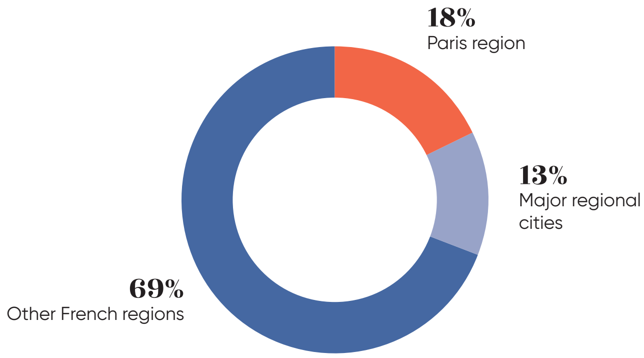
| Brand | Town/City | Department |
|---|---|---|
| Courtepaille | Péronnas | Ain (01) |
| Courtepaille | Vallauris | Alpes-Maritimes (06) |
| Courtepaille | Aix-en-Provence | Bouches-du-Rhône (13) |
| Courtepaille | Vitrolles | Bouches-du-Rhône (13) |
| Courtepaille | Caen Nord | Calvados (14) |
| Courtepaille | 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 | 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) |
| Courtepaille | Linas | Essonne (91) |
| Courtepaille | Rosny-sous-Bois | Seine-Saint-Denis (93) |

| Brand | Town/City | Department |
|---|---|---|
| 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** | | **53** |

**List of garden centres held at 31/12/2020**

| Brand | Town/City | Department |
|---|---|---|
| Jardiland | Lescure d'Albigeois | Tarn (81) |
| Jardiland | La Chaussée St-Victor | Loir-et-Cher (41) |
| 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 | St-Saturnin | Sarthe (72) |
| Jardiland | Lempdes | Puy-de-Dôme (63) |
| Jardiland | Limoges | Haute-Vienne (87) |
| Jardiland | Montauban | Tarn-et-Garonne (82) |
| Jardiland | Saran | Loiret (45) |
| Jardiland | Naveil | Loir-et-Cher (41) |
| Jardiland | Tarbes | Hautes-Pyrénées (65) |
| **TOTAL GARDEN CENTRE ASSETS** | | **16** |

**Geographic breakdown of retail premises by value as at 31/12/2020 (total: €120 million)**



#### 1.2.3.3 Partnerships with retail premises

The portfolio of retail premises held by Covivio Hotels comprises 53 Courtepaille restaurants and 16 Jardiland garden centres. At 31 December 2020, the portfolio was valued at €120 million, down from the previous year (-9.8% on a like-for-like basis), with an average yield of 7.9% excluding duties.

**Courtepaille: key figures**

*(Source: Courtepaille website)*

The Courtepaille group, founded in 1961, was placed in receivership in July 2020. On 25 September, the Evry Commercial Court announced that Courtepaille had been taken over by the Buffalo Grill group, for €17 million. Buffalo Grill plans to retain 89% of the jobs in the chain's 300 restaurants.

**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.

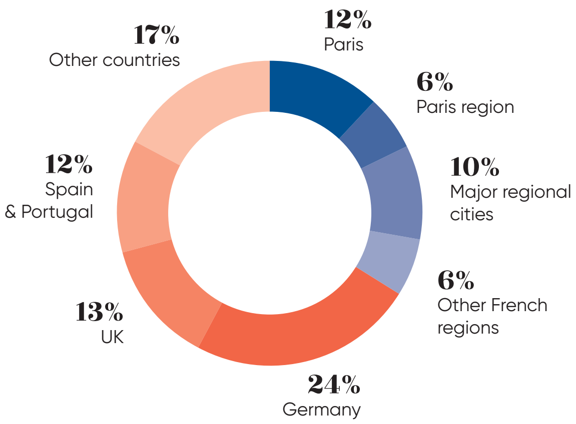
## 1.3 Portfolio

As at 31 December 2020, Covivio Hotels owned a portfolio of 395 assets (including 326 hotels) valued at a total of €6,620 million, or a Group share of €5,937 million (excluding duties), down 7% on 2020 on a like-for-like basis.

### 1.3.1 Geographic distribution

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

**Geographic breakdown of the portfolio as a% of value at 31/12/2020**




The overall breakdown of the portfolio highlights the company's geographic diversification strategy, with 18% in Paris and the surrounding region, 10% in major regional cities in France and 66% abroad, mostly in major European cities.

## 1.3.2 Breakdown of revenues

Group share of revenues rose 50.8% (52.9% on a like-for-like basis) to stand at €144.0 million, compared with €292.5 million at 31 December 2019. This performance is due to the combined effect of:

- acquisitions and deliveries of assets under development (+€10.4 million)
- disposals made in 2019 and 2020 (-€9.5 million)
- the decrease in rents and EBITDA on a like-for-like basis (-€103.2 million), mainly due to the shutdown of numerous Accor hotels and operating properties following the advent of Covid
- the absence of rents in the United Kingdom, due to the major underperformance clause in the lease with IHG (-€42.8 million).

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. For example, in September 2020, Covivio Hotels signed 15-year fixed-term leases with NH Hotels Group.

The average remaining term of firm leases in the Covivio Hotels portfolio was 14.1 years as at 31 December 2020.

**Reconciliation of Revenues, Group share at 31/12/2020 and revenues in the consolidated accounts (see Section 3.2.6.1)**

| (in €M) | 2020 revenues consolidated accounts | Non-controlling interest | 2020 revenues Group share |
|---|---|---|---|
| Hotel real estate (rental income) | 139.4 | -14.8 | 124.6 |
| Hotels under management (EBITDA) | 7.9 | -0.3 | 7.6 |
| Retail premises (rental income) | 11.9 | - | 11.9 |
| **TOTAL** | **159.2** | **-15.1** | **144.0** |

### Annualised revenues

Group share of annualised revenues amounted to €325.7 million at the end of December 2020, the details of which are as follows:

**Breakdown by business segment**

| (in €M) | Number of rooms | Number of assets | 2019 annualised revenues | 2020 annualised revenues | As % of total rental income |
|---|---|---|---|---|---|
| Hotel real estate (rental income) | 41,617 | 306 | 223.8 | 244.3 | 75.0% |
| Retail premises (rental income) | - | 69 | 12.1 | 9.4 | 2.9% |
| **TOTAL** | **41,617** | **375** | **236.0** | **253.8** | **77.9%** |
| Hotels under management (EBITDA) | 5,272 | 20 | 70.1 | 71.9 | 22.1% |
| **TOTAL** | **46,889** | **395** | **306.0** | **325.7** | **100%** |

**Breakdown by geographic location**

| (in €M) | Number of rooms | Number of assets | 2018 annualised revenues | 2020 annualised revenues | As % of total rental income |
|---|---|---|---|---|---|
| Paris | 5,557 | 20 | 30.8 | 31.2 | 9.6% |
| *Inner rim* | *1,775* | *8* | *5.6* | *5.6* | *1.7%* |
| *Outer rim* | *3,699* | *36* | *10.4* | *10.4* | *3.2%* |
| **TOTAL PARIS REGION** | **11,031** | **64** | **46.8** | **47.2** | **14.5%** |
| Major regional cities | 7,073 | 62 | 21.9 | 21.9 | 6.7% |
| Other French Regions | 5,281 | 65 | 11.9 | 11.7 | 3.6% |
| Rest of world | 18,232 | 115 | 143.2 | 163.5 | 50.2% |
| **TOTAL HOTEL LEASE PROPERTIES** | **41,617** | **306** | **223.8** | **244.3** | **75.0%** |
| Retail premises (rental income) | - | 69 | 12.1 | 9.4 | 2.9% |
| Hotels under management (EBITDA) | 5,272 | 20 | 70.1 | 71.9 | 22.1% |
| **TOTAL** | **46,889** | **395** | **306.0** | **325.7** | **100%** |

**Breakdown by tenant/operator**

| (in €M) | Number of rooms | Number of assets | 2019 annualised revenues | 2020 annualised revenues | As % of total rental income |
|---|---|---|---|---|---|
| Accor | 17,590 | 110 | 77.8 | 77.7 | 23.9% |
| IHG | 2,750 | 15 | 51.0 | 49.0 | 15.0% |
| B&B | 14,148 | 144 | 36.2 | 31.8 | 9.8% |
| RHG | 1,919 | 5 | 26.5 | 27.2 | 8.4% |
| Marriott | 1,320 | 5 | 20.4 | 20.1 | 6.2% |
| NH Hotel Group | 3,029 | 19 | 19.6 | 46.0 | 14.1% |
| Hotusa | 671 | 3 | 8.4 | 8.2 | 2.5% |
| Barcelo | 641 | 3 | 7.4 | 7.1 | 2.2% |
| Club Med | 792 | 2 | 7.5 | 7.5 | 2.3% |
| AC Hotels | 368 | 1 | 6.1 | 5.7 | 1.8% |
| Melia | 534 | 3 | 4.3 | 4.4 | 1.3% |
| Motel One | 712 | 3 | 4.3 | 4.4 | 1.3% |
| MEININGER | 598 | 3 | 6.2 | 6.1 | 1.9% |
| Sunparks | 877 | 2 | 7.1 | 7.1 | 2.2% |
| Other | 940 | 8 | 11.1 | 14.0 | 4.3% |
| Retail | – | 69 | 12.1 | 9.4 | 2.9% |
| **TOTAL** | **46,889** | **395** | **306.0** | **325.7** | **100%** |

## 1.3.3 Lease schedule

The remaining lease term was 14.1 years at 31 December 2020, including 14.2 years for hotels, compared with 13.5 years at 31 December 2019.

| (in €M) | By lease end date | As % of the total |
|---|---|---|
| 2021 | 3.1 | 1.2% |
| 2022 | 5.5 | 2.2% |
| 2023 | 10.9 | 4.3% |
| 2024 | 2.2 | 0.9% |
| 2025 | 5.6 | 2.2% |
| 2026 | 0.0 | 0.0% |
| 2027 | 2.1 | 0.8% |
| 2028 | 0.1 | 0.0% |
| 2029 | 31.8 | 12.5% |
| 2030 | 23.4 | 9.2% |
| Beyond | 169.0 | 66.6% |
| **TOTAL RENTAL INCOME** | **253.8** | **100%** |

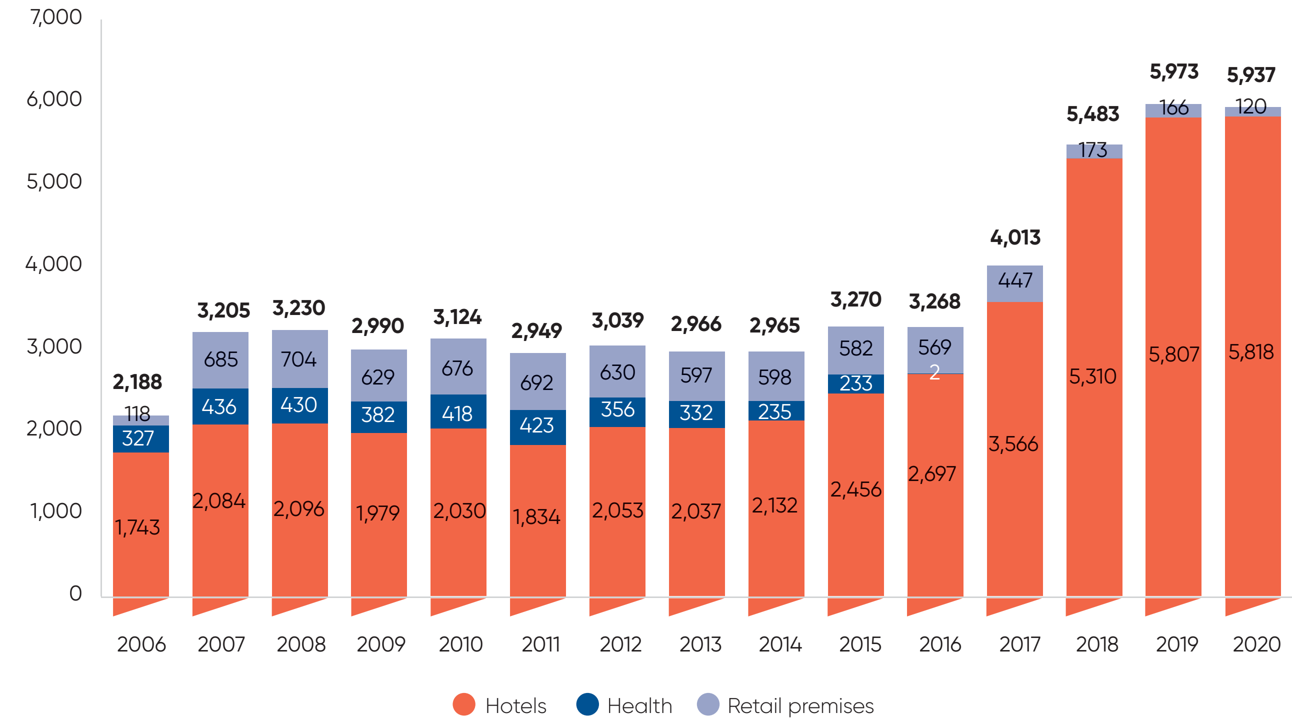
## 1.3.4 Hotel occupancy rate

The occupancy rate measures the ratio between the average rental value of the occupied space and the average rental value of the hotel 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 31/12/2020 and the value of real estate assets in the consolidated accounts (see Section 3.2.5.1.2)**

| | |
|---|---|
| Portfolio (as of 31/12/2020) | €5,937M |
| Right-of-use on investment properties | +€215M |
| Right-of-use on operating assets | +€31M |
| Equity affiliates > 30% | -€167M |
| Non-accrued goodwill of operating property assets | -€56M |
| **REAL ESTATE ASSETS GROUP SHARE** | **€5,960M** |
| Companies' fully consolidated non-controlling interest | +€325M |
| **100% REAL ESTATE ASSETS - IFRS ACCOUNTS** | **€6,285M** |

## 1.4.1 Expertise

As at 31 December 2020, the appraisal value excluding duties totalled €6,620 million, or a Group share of €5,937 million, compared with €5,973 million as at 31 December 2019. This slight decrease is the result of investments in the hotel sector in Europe, net of the decrease in the like-for-like values of our assets.

**Change in asset value and capitalisation rate**

| | Value excluding duties 2019 | Value excluding duties 2020 | Var. 12 months at like-for-like scope | Target Yield 2019 | Target Yield 2020 | As % of total value |
|---|---|---|---|---|---|---|
| Hotels (leased properties and hotels under management) | 5,802 | 5,767 | -6.9% | 5.2% | 5.5% | 97% |
| Development portfolio | 5 | 51 | n.a. | n.a. | n.a. | 1% |
| **TOTAL HOTELS** | **5,807** | **5,818** | **-6.9%** | **5.2%** | **5.5%** | **98%** |
| Retail premises | 166 | 120 | -9.8% | 7.3% | 7.9% | 2% |
| **TOTAL** | **5,973** | **5,937** | **-7.0%** | **5.3%** | **5.5%** | **100%** |

| 2020 (€M) | Value excluding duties | Value including duties |
|---|---|---|
| Hotels (leased properties and hotels under management) | 5,818 | 6,139 |
| Retail premises | 120 | 128 |
| **TOTAL** | **5,937** | **6,268** |

The value excluding duties is calculated by deducting a percentage from the value inclusive of duties ranging from 1.8% to 7.5% for France (depending on the Département), 2.5% to 3.0% for Belgium, 6.0% to 6.2% for the Netherlands, 3.5% to 8.5% for Germany, 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 Hotels 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 BPCE Expertises immobilières – 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 revenues 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 revenues, 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 Mercure Strasbourg, whose lease expires in 2033.

Revenues projections for hotels are made on the basis of site visits, investment plans (construction and refurbishment) and market data. The distribution of revenues between accommodation and other sources of revenues (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 AccorInvest, the specific nature of rental income based on revenues, 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.

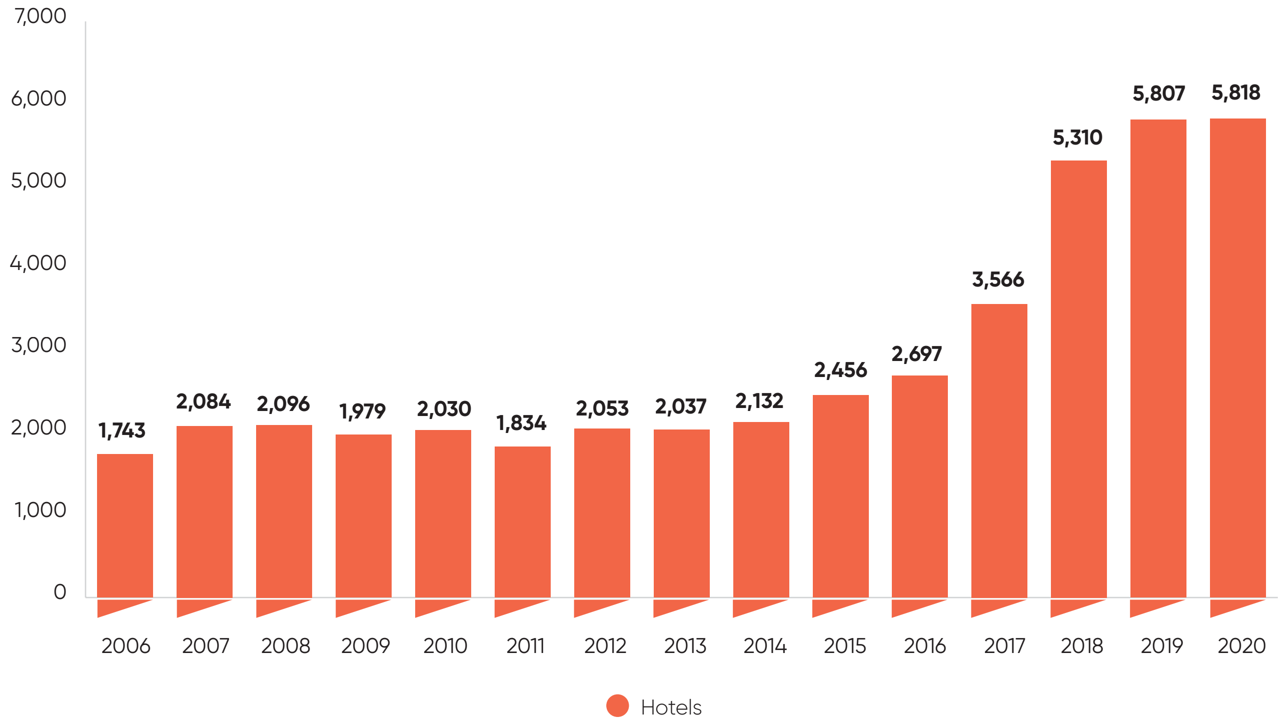
In theory, the sale of a property is subject to the French Government receiving transaction fees. The amount of duty depends on the type of sale, the buyer and the location. The first two conditions are only known, and therefore the amount of duties to be paid, once the sale has been completed. An analysis 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 appraisals of hotel sector assets were carried out by BNP Paribas Real Estate Valuation, Cushman & Wakefield, CBRE Hotel Valuation, BPCE Expertises Immobilières, HVS and MKG.

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

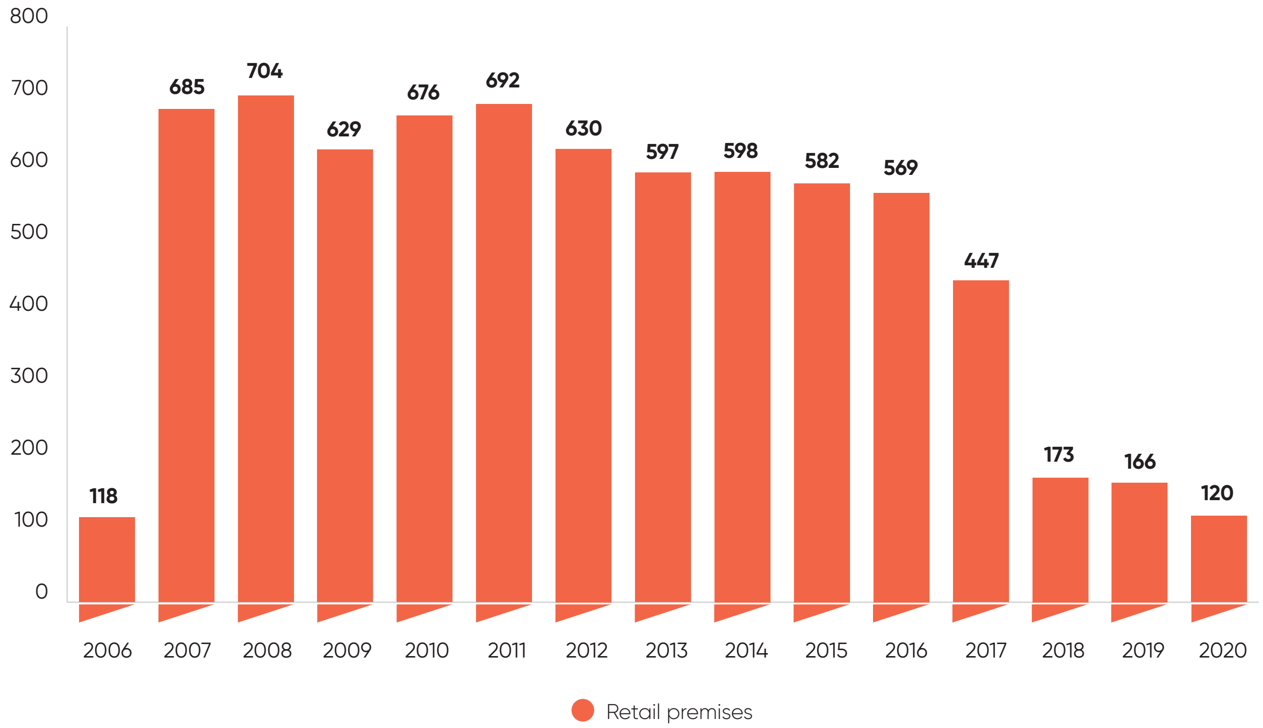



Appraisal values were up 6.9% on a like-for-like basis. The latter is mainly driven by assets in the United Kingdom (-14.3%) and real estate assets (-7.3%).

### 1.4.1.3 Valuation of retail premises

The appraisals were carried out by BPCE Expertises Immobilières for the Courtepaille and Jardiland assets.

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




In the retail premises segment, the 9.8% reduction in values on a like-for-like basis was due to the fall in value of the assets of Courtepaille (-11.4%) and Jardiland (-7.5%) on a like-for-like basis.

### 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 | 112,410 | 2% |
| | France | CBRE Hotels Valuation | 694,498 | 12% |
| | France | BPCE Expertises Immobilières | 592,400 | 10% |
| | France | Cushman & Wakefield | 354,985 | 6% |
| | France | MKG | 134,571 | 2% |
| | Germany | BNP Paribas Real Estate | 132,150 | 2% |
| | Germany | Cushman & Wakefield | 239,786 | 4% |
| | Germany | CBRE Hotels Valuation | 781,880 | 13% |
| | Germany | MKG | 255,998 | 4% |
| | Belgium | CBRE Hotels Valuation | 149,135 | 3% |
| | Belgium | BPCE Expertises Immobilières | 52,600 | 1% |
| | Belgium | MKG | 18,560 | 0% |
| | Belgium | BNP Paribas Real Estate | 109,100 | 2% |
| | Netherlands | MKG | 137,669 | 2% |
| | Netherlands | Cushman & Wakefield | 12,200 | 0% |
| | Portugal | Cushman & Wakefield | 79,700 | 1% |
| | Spain | Cushman & Wakefield | 126,700 | 2% |
| | Spain | BNP Paribas Real Estate | 507,350 | 9% |
| | UK | HVS | 782,639 | 13% |
| | Ireland | MKG | 49,479 | 1% |
| | Poland | BNP Paribas Real Estate | 23,470 | 0% |
| | Italy | MKG | 260,019 | 4% |
| | Hungary | MKG | 141,467 | 2% |
| | Czech Republic | MKG | 56,235 | 1% |
| Retail premises | France | BPCE Expertises Immobilières | 100,460 | 2% |
| Assets not subjected to an appraisal | | | 31,948 | 3% |
| **TOTAL** | | | **5,937,410** | **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 Hotels Valuation | 76, rue de Prony – 75017 Paris |
| BPCE Expertises Immobilières | 50, avenue Pierre Mendès France - 75013 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 814 K€ in 2020. For each company, the fees charged represent less than 10% of their revenues.

## 1.4.2 NAV - EPRA format

At 31 December 2020, EPRA NAV stood at €3,362.6 million (or €25.4 per share), an increase of 11.9% over 2019. EPRA Triple Net NAV stood at €2,999.7 million (or €22.6 per share), up 11.8% over 2019.

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

| (€M) | 31/12/2020 | 31/12/2019 | Change |
|---|---|---|---|
| **Group consolidated shareholders' equity** | **2,936.6** | **3,278.0** | **-341.4** |
| Portfolio duties United Kingdom | 47.7 | 58.2 | -10.6 |
| Fixed-rate debt net of DTL | -29.8 | -26.5 | -3.4 |
| Fair value of operating property assets | 45.3 | 90.4 | -45.0 |
| **EPRA Triple Net NAV** | **2,999.7** | **3,400.1** | **-400.4** |
| Hedging instruments | 136.4 | 115.6 | 20.8 |
| Deferred tax liabilities | 226.5 | 299.4 | -73.0 |
| **EPRA NAV** | **3,362.6** | **3,815.2** | **-452.6** |
| Number of shares at period end* | 132,547,616 | 121,036,633 | 11,510,983 |
| **EPRA Triple Net NAV/share (€)** | **22.6** | **28.1** | **-5.5** |
| **EPRA NAV/share (€)** | **25.4** | **31.5** | **-6.1** |

* Excluding treasury shares

The change in EPRA Triple Net NAV between 31 December 2019 and 31 December 2020 is as follows:


(*) The "other" item includes the change in stamp duty in the United Kingdom (-€10.5 million), sales tax (-€9 million), impairment of goodwill on operated hotels (-€7 million) and the restatement of interest on rental liabilities in the United Kingdom (-€2.7 million).

## NAV calculation method

### NAV basis – Shareholders' equity

The entire real estate portfolio held by Covivio Hotels was valued at 31 December 2020 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 accounts; 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.

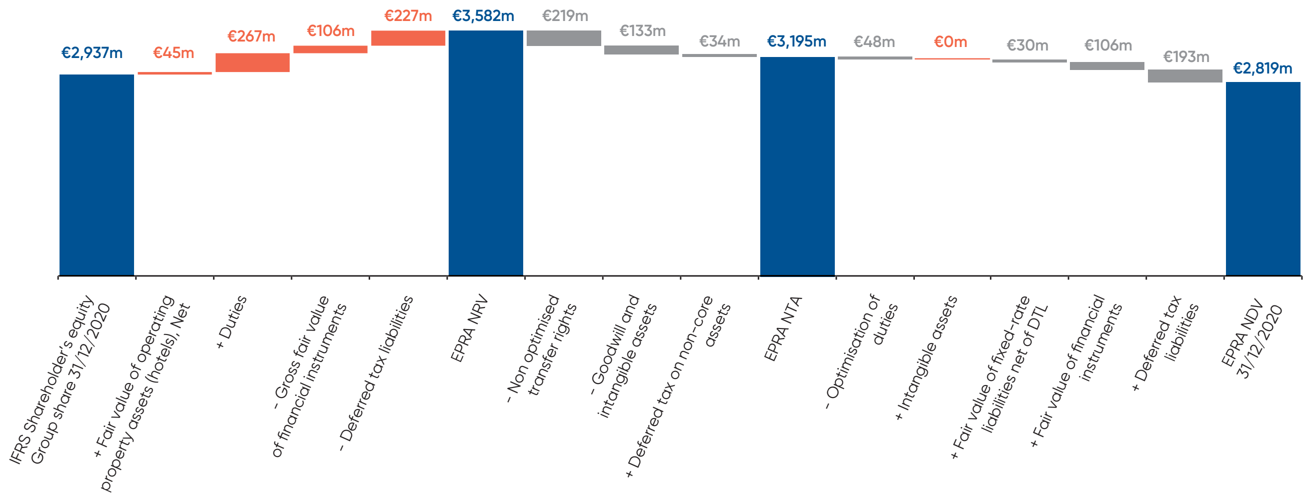
### New EPRA indicators

**New indicators to be applied to the annual financial statements for 2020**

The EPRA and Triple Net NAVs have been replaced by three different NAV indicators:

| New indicators | Description |
|---|---|
| EPRA Net Reinstatement Value<br>**(EPRA NRV)** | • Replenishment NAV<br>• Similar to the current EPRA NAV, plus transfer taxes |
| EPRA Net Tangible Assets<br>**(EPRA NTA)** | • NRV NAV<br>  • excluding transfer taxes, goodwill/intangible assets<br>  • excluding deferred taxes on assets not intended to remain permanently on the balance sheet<br>• Close to the current EPRA NAV |
| EPRA Net Disposal Value<br>**(EPRA NDV)** | • Represents the value in the event of liquidation of the company<br>• Triple Net NAV<br>  • excluding goodwill and optimisation of transfer taxes |

| | |
|---|---|
| Shareholders' equity, Group share - IFRS | €2,937M |
| Fair value of operating property assets net of deferred taxes | +45 M€ |
| Fair value of financial instruments | +106 M€ |
| Defered tax (including IFRS adjustments) | +€227M |
| Non optimised transfer rights | +€267M |
| **EPRA NRV** | **€3,582M** |
| Deferred tax on non-core assets | -€34M |
| Goodwill and intangibles assets | -€133M |
| Optimised transfer rights | -€219M |
| **EPRA NTA** | **€3,195M** |
| Optimisation of the transfer rights | -€48M |
| Intangible assets | +0 M€ |
| Fair value of fixed-rate debt net of deferred taxes | -30 M€ |
| Fair value of financial instruments | -€106M |
| Deferred tax liabilities | -€193M |
| **EPRA NDV** | **€2,819M** |



# 1.5 Net financial income

## 1.5.1 Consolidated accounts at 31 December 2020

### 1.5.1.1 General principles

The consolidated accounts 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) and their interpretations.

The annual consolidated accounts 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 2020, the scope of consolidation comprised 178 companies, compared with 162 companies at 31 December 2019. On 7 September 2020, the Covivio Hotels group purchased a portfolio of eight luxury assets in Italy (4), Hungary (2), the Czech Republic (1) and France (1) for €525 million. This portfolio of companies is wholly owned. They are fully consolidated as of 31 December 2020.

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

### 1.5.1.3 Consolidated income statement

The consolidated accounts to 31 December 2020 indicate a net profit, Group share of €337.4 million.

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

| (€M) | 2019 | 2020 | Var. |
|---|---|---|---|
| Net Rental Income | 240.3 | 133.0 | -107.3 |
| Managed hotel income | 69.9 | 7.9 | -62.0 |
| Operating income | 257 | 81.9 | -175.1 |
| Income from value adjustments | 245 | -327.6 | -572.6 |
| Income from disposals | 16.1 | -5.0 | -21.1 |
| Operating income (loss) | 518.2 | -250.7 | -768.9 |
| Net financial income/(charges) | -131.5 | -117.2 | 14.3 |
| Income (loss) of companies accounted for under the equity method | 20.4 | -13.5 | -33.9 |
| Taxes | -15 | 46.3 | 61.3 |
| Non-controlling interests | -39.8 | -2.3 | 37.5 |
| **NET INCOME GROUP SHARE** | **352.3** | **-337.4** | **-689.7** |

### 1.5.1.4 Consolidated income statement - Group share

| (€M) | 2019 | 2020 | Var. |
|---|---|---|---|
| | | | Figures, Group share |
| Net Rental Income | 220.0 | 118.3 | -101.7 |
| Managed hotel income | 67.4 | 7.6 | -59.8 |
| Operating income | 240.9 | 69.4 | -171.5 |
| Income from value adjustments | 221.7 | -319.3 | -541.0 |
| Income from disposals | 8.6 | -4.8 | -13.4 |
| Operating income (loss) | 471.2 | -254.7 | -725.9 |
| Net financial income/(charges) | -125.4 | -114.2 | 11.1 |
| Income (loss) of companies accounted for under the equity method | 20.4 | -13.5 | -33.9 |
| Taxes | -13.9 | 45.0 | 59.0 |
| **NET INCOME GROUP SHARE** | **352.3** | **-337.4** | **-689.7** |

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.

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

- SAS Samoëns (Club Med Samoëns): 50.1%
- OPCI B2 HOTEL INVEST: 50.2%
- Foncière B2 HOTEL INVEST: 50.2%
- Foncière B3 HOTEL INVEST: 50.2%
- Foncière B4 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 €118 million for the fiscal year 2020, up €102 million from the previous year, mainly due to the impact of the Covid-19 pandemic which led to the closure of many hotels in the second quarter of 2020 and very low business volumes in the second quarter.

Income from valuation adjustments totalled €319.3 million at 31 December 2020. This result is linked to the pandemic during the year and mainly impacted the variable rent portfolios in France and assets in the United Kingdom where a major adverse change clause included in the lease was triggered.

Net financial income of -€114.2 million consisted of interest expense for -€55.7 million, negative change in fair value of financial assets and liabilities for -€45.6 million (compared with -€50 million in 2019), exceptional amortisation of additional expenses on loans for -€0.2 million (compared with -€2.8 million in 2019), 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 -€13 million and positive exchange rate effects of €0.3 million *versus* a negative €0.5 million in 2019.

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**

| | 31/12/2019 | 31/12/2020 |
|---|---|---|
| **Net income Group share** | **352.3** | **-337.4** |
| Change in asset values | -221.7 | 319.3 |
| Income from disposal | -19.6 | 1.2 |
| Change in scope | 11 | 3.6 |
| Changes in the value of financial instruments | 50 | 45.6 |
| Interest charges on rental liabilities | 9 | 9.1 |
| Rental charges | -6.3 | -6.4 |
| Deferred tax liabilities | 1.6 | -57.6 |
| Taxes on disposals | 3.6 | 8.8 |
| Depreciation of properties managed as Operating properties | 35.2 | 35.1 |
| Fees and amortisation of loan costs for early repayment | 4.1 | 0.4 |
| EPRA Earnings adjustments for associates | -10.0 | 17.0 |
| **EPRA EARNINGS** | **209.2** | **38.8** |
| **EPRA EARNINGS IN €/SHARE** | **1.74** | **0.30** |

## 1.5.1.6 Balance sheet

### 1.5.1.6.1 Simplified consolidated balance sheet

(€M)

| Assets | 2019 | 2020 | Liabilities | 2019 | 2020 |
|---|---|---|---|---|---|
| Fixed Assets | 6,124 | 6,234 | Shareholders' equity Group share | 3,278 | 2,937 |
| Investments in equity affiliates | 207 | 187 | Minority interest | 208 | 181 |
| Financial assets | 93 | 67 | **Shareholders' equity** | **3,486** | **3,118** |
| Deferred tax assets | 3 | 30 | Borrowings | 2,583 | 2,910 |
| Financial instruments | 17 | 40 | Rental liability | 230 | 242 |
| Assets held for sale | 133 | 51 | Financial instruments | 106 | 146 |
| Cash | 165 | 102 | Deferred liabilities | 274 | 238 |
| Other | 72 | 94 | Other | 134 | 152 |
| **TOTAL** | **6,813** | **6,806** | | **6,813** | **6,806** |

### 1.5.1.6.2 Simplified balance sheet, Group share

(€M)

| Assets | 2019 | 2020 | Liabilities | 2019 | 2020 |
|---|---|---|---|---|---|
| Fixed Assets | 5,794 | 5,910 | | | |
| Investments in equity affiliates | 207 | 187 | | | |
| Financial assets | 127 | 87 | **Shareholders' equity** | **3,278** | **2,937** |
| Deferred tax assets | 3 | 29 | Borrowings | 2,462 | 2,780 |
| Financial instruments | 17 | 40 | Financial instruments | 104 | 144 |
| Assets held for sale | 122 | 51 | Rental liability | 230 | 242 |
| Cash | 133 | 90 | Deferred liabilities | 269 | 235 |
| Other | 72 | 93 | Other | 131 | 150 |
| **TOTAL** | **6,475** | **6,488** | | **6,475** | **6,488** |

### 1.5.1.6.3 Comments on Group share

The balance sheet total at 31 December 2020 stood at €6,488 million, compared with €6,475 million at the end of 2019 (+ €13 million), mainly due to the acquisition of a portfolio of eight luxury hotels in 7 September 2020 for €525 million, less changes in asset value (-€319 million) due to the health crisis and disposals made during the fiscal year (-€143 million).

Fixed assets and assets held for sale amounted to €5,961 million at the end of 2020, compared with €5,916 million at the end of 2019 (+€45 million). The main changes in this item are as follows:

- the change in asset value (-€319.3 million)
- the acquisition of four hotels in Italy, two in Hungary, one in the Czech Republic and one in France (+€525 million)
- the impact of the exchange difference on the United Kingdom portfolio (-€62.8 million)
- the acquisition of land adjacent to the Park Inn Alexanderplatz hotel (+€7.7 million)
- the works carried out in 2020 totalling +€34 million, of which €6.6 million related to assets under development
- disposals of assets of €143 million, including 11 B&B hotels in Germany (-€106 million) and six Jardiland properties (-€33.2 million)
- the depreciation of hotels under operation (-€41.6 million)
- the impairment of goodwill on four hotels operated for -€7 million following impairment tests carried out at 31 December 2020.

Assets held for sale amounted to €51 million at the end of 2020 and concern the sale agreements of five Jardiland garden centres, five Courtepaille restaurants, one hotel in Spain and one Ibis hotel in Aubervilliers.

Investments in equity affiliates fell by €20 million to €187 million at the end of 2020 mainly due to the drop in appraisal values (-€18 million).

Shareholders' equity, Group share fell from €3,278 million at 31 December 2019 to €2,937 million at 31 December 2020. This €341 million decrease is due primarily to the following effects:

- the payment of the dividend in shares of -€187.6 million
- the capital increase of €184.9 million in connection with the share dividend
- total comprehensive income for the period of -€337.4 million
- the decrease in the translation reserve of -€9.6 million
- changes in the scope of consolidation of the Hilton Dublin and Nice le Méridien assets for €8.3 million.

Short-term and long-term borrowing stood at €2,780 million at the end of 2020, compared with €2,462 million at the end of 2019. This increase of €318 million mainly concerns the arrangement of €258 million of new debt on two companies in the Rock portfolio (operating properties) at the beginning of the year and €176 million drawn on two new credit lines (€250 million) for the acquisition of eight luxury hotels on 7 September 2020 (Roco portfolio). This increase was mitigated by the decline in the pound sterling (-€26.7 million) and a debt repayment (-€32.8 million) on B&B Lux 6 following the asset disposals made during the year.

The rental liabilities (€242.3 million) increased by +€12 million. These rights mainly concern long-term leases of assets in the United Kingdom, Spain and Italy (+€19.6 million) following the acquisition of four hotels in September 2020.

Deferred tax income decreased by €59.9 million (net) over the year, mainly due to the fall in appraisal values in the United Kingdom (-€21 million) and the activation of tax loss carryforwards on almost the entire operating hotels portfolio (-€23.5 million).

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

### 1.5.1.7 Consolidated cash flows

| (€M) | 2019 | 2020 |
|---|---|---|
| Net cash generated by the business | 276.0 | 80.6 |
| Net cash flow from investment/disposal activities | 99.2 | 47.7 |
| Net cash flow from financing activities | -610.1 | -184.3 |
| **CHANGE IN NET CASH** | **-234.3** | **-56.6** |

Net cash flow generated by operations stood at +€80.6 million in 2020, basically operating income (€81.9 million).

Net cash flow from investment activities/disposals of + €47.7 million mainly breaks down as follows:

- direct acquisitions of fixed assets (-€52.5 million), mainly the acquisition of land adjacent to the Park-Inn Alexanderplatz hotel (operating properties) for €8.1 million, work on operating properties for €20 million, work on investment assets for €8.1 million and work on assets under development for €7.2 million
- the acquisitions/disposals of equity investments (-€59.8 million) concern the acquisition of eight luxury hotels (Roco portfolio), in Italy (4), Hungary (2), the Czech Republic (1), France (1), the United Kingdom (Oxford Spiers and Oxford Thames), the Netherlands (NH Amersfoort) and Ireland (Hilton Dublin) for -€60.2 million
- asset disposals (+€152.3 million net of fees) including the disposal of 11 B&B hotels in Germany (+€114 million) and five Jardiland (+€33 million).

Net cash flow from financing operations of -€184.3 million mainly breaks down as follows:

- dividends of -€2.7 million, paid during the fiscal year
- net loans and interest paid for -€143.8 million.

Net cash flow stands at -€57 million.

A detailed explanation of the various line items in the cash flow statement is given in the notes to the consolidated accounts.

### 1.5.1.7 Debt structure

At 31 December 2020, net financial debt, Group share stood at €2,690 million (€2,808.2 million on a consolidated basis).

As a Group share, and restated for assets under a preliminary sale agreement, net financial debt represents 41.9%(1) of total assets revalued at institutional value, including duties (*versus* 34.9% in 2019).

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 accounts.

#### Features of the debt

The average interest rate on debt for the year, calculated at face value, was 1.99%, compared with 2.25% at 31 December 2019.

#### Debt maturity

The average debt maturity is 4.4 years.

#### Hedging

At 31 December 2020, the average active hedging rate was 77.4%. Hedging consists of:

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

In view of the transactions carried out in 2020 and to increase the average hedging term, the hedging profile has been adjusted by an equalisation payment for €10.3 million.

The net valuation of hedging instruments was -€104.5 million at 31 December 2020. The change in the value of hedging instruments over the period impacts the income statement for -€45.6 million as Group share and shareholders' equity for €18.2 million, due to exchange differences affecting the Cross Currency Swap to GBP.

*(1) At 31 December 2020, the amount of assets under sale agreements was €51 million. After restating the sale agreements, net financial debt amounted to €2,627.1 million, the institutional value, excluding duties, was €6,002.6 million, and the amount of duties was €267.2 million.*

## 1.5.2 Individual financial statements at 31 December 2020

The 2020 financial statements mainly reflected:

- the impact of Covid-19:
  - the spread of the Coronavirus on Covivio Hotels' variable-income hotels in France (rents vary based on the revenues generated by the operator), had an immediate impact on the Company's revenues due to the decrease in hotel occupancy
- the increase in equity interests in Murdelux following the capital increase to finance the acquisition of a portfolio of eight hotels leased to NH Hotels located in several European cities for a total of €270 million
- work/disposals:
  - the acquisition of the long-term lease rights for a hotel for €4.2 million
  - the sale of seven assets in the Retail portfolio for a total sale price of €34.2 million
- capital increase:
  - the general meeting held on 7 May 2020 voted to offer each shareholder the option to take their dividend in cash or in shares. On this occasion, 98.6% of the shareholders chose the payment of the dividend in shares, resulting in the creation of 11,510,983 new fully paid-up shares for a gross amount of €184.9 million (€184.8 million net of fees), broken down into a par value of €46 million and an issue premium of €138.9 million
- financing/refinancing:
  - Covivio Hotels raised €325 million in medium- and long-term financing, including €250 million in debt to secure the acquisition of a hotel portfolio in Italy, France, Hungary and the Czech Republic
  - the renegotiation of several hedges in exchange for an equalisation payment of €10 million, all of which was spread.

The 2020 financial statements show a profit of €168.2 million, compared with €184.3 million in 2019.

### 1.5.2.1 Changes in the main income statement items

The main components of the 2020 and 2019 comparative income statements are as follows:

| (€M) | 2020 | 2019 | Var. |
|---|---|---|---|
| **Revenues** | **46.7** | **76.0** | **-29.3** |
| Reversals of provisions and transferred charges, other operating income | 2.8 | 1.2 | 1.6 |
| Operating expenses | -50.0 | -46.1 | -3.9 |
| **Operating income** | **-0.5** | **31.1** | **-31.6** |
| Financial income | 224.6 | 267.3 | -42.7 |
| Financial expenses | -109.5 | -122.4 | 12.9 |
| **Net financial income/(charges)** | **115.1** | **144.9** | **-29.8** |
| **Income from operations** | **114.6** | **176.0** | **-61.4** |
| **Net non-recurring income** | **53.6** | **8.3** | **45.3** |
| CIT | 0,0 | 0,0 | 0,0 |
| **NET INCOME OR LOSS** | **168.2** | **184.3** | **-16.1** |

Revenues stood at €46.7 million at 31 December 2020, down 38.6% from 2019.

| (€M) | 2020 | 2019 | Var. |
|---|---|---|---|
| Hotel rental income | 15.9 | 33.0 | -17.1 |
| Retail premises rental income | 12.0 | 12.4 | -0.4 |
| Rent-free periods | -2.1 | 0 | -2.1 |
| Spreading of rent-free periods | 1,9 | 0 | 1.9 |
| **Rental income** | **27.7** | **45.4** | **-17.7** |
| Re-involving of expenses to tenants | 5.6 | 5.8 | -0.2 |
| Provision of services | 13.4 | 24.8 | -11.4 |
| **TOTAL** | **46.7** | **76.0** | **-29.3** |

The change in rental income is mainly due to the drop in the variable portion of hotel revenues following the decrease in hotel occupancy.

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 €2.8 million correspond mainly to the transfer of expenses for €1.4 million and reversals of impairment on tangible fixed assets for €0.9 million.

Operating expenses, which total €50.0 million, primarily include the following:

- other purchases and external expenses for €14.1 million, of which:
  - €7.1 million in fees paid to Covivio and Covivio Hotels Gestion
  - €2.9 million in legal fees
  - €1.4 million in loan issue costs
  - €1.0 million in administrative expenses
  - €0.9 million in construction lease payments
  - €0.6 million in fees paid in connection with Property Management services
  - €0.2 million in insurance premiums
- duties and taxes totalling €5.6 million, including €4.3 million in Property Management taxes to be reinvoiced
- personnel expenses for €4.5 million
- depreciation, amortisation and provisions totalling €25.6 million
- other expenses totalling €0.2 million.

Net financial income of €115.1 million consists of:

- financial income totalling €224.6 million, of which:
  - €161.4 million in dividends from subsidiaries and equity investments
  - €43.1 million in interest on loans granted to subsidiaries
  - €13.1 million in income from swaps and options
  - €6.3 million reversal of provisions for foreign exchange losses
  - €0.3 million in interest on Group current accounts
  - €0.3 million in default interest
  - €0.1 million in other financial income
- financial expenses for €109.5 million, of which:
  - €55.6 million in interest on borrowings
  - €39.7 million in provisions for equity investments
  - €11.1 million in financial expenses on hedging instruments (including equalisation payments relating to the renegotiation of hedges for €10 million)
  - €1.5 million in interest on Group current accounts
  - €1.4 million in foreign exchange losses on bank accounts at 31 December 2020
  - €0.2 million addition to the bond redemption premium.

The non-recurring income of €53.6 million is mainly due to the cancellation of the €44.7 million financial provision for equity investments taken in 2019 and the capital gains on asset disposals.

### 1.5.2.2 Changes in the main balance sheet account items

| (€M) | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Non-current assets | 4,329.5 | 4,110.7 |
| Current assets | 109.6 | 83.5 |
| Deferred expenses | 12.3 | 14.3 |
| Bond redemption premium | 1.0 | 1.2 |
| Unrealised foreign exchange losses | 7.6 | 18.8 |
| **TOTAL ASSETS** | **4,460.0** | **4,228.5** |
| Shareholders’ equity | 2,296.2 | 2,128.9 |
| Provisions for contingencies and losses | 1.1 | 7.6 |
| Current liabilities | 2,153.2 | 2,079.8 |
| Currency translation adjustments | 9.5 | 12.2 |
| **TOTAL LIABILITIES** | **4,460.0** | **4,228.5** |

Fixed assets rose from €4,110.7 million at 31 December 2019 to €4,329.5 million at 31 December 2020, an increase of €218.8 million. This increase is mainly due to the subscription of securities for €281 million, the acquisition of the rights to a long-term lease on a hotel for €4.3 million, and work on the hotels for €1.3 million, new loans to subsidiaries for €306.2 million, the exceptional reversal of a financial provision in 2019 for €44.7 million, offset by asset disposals for -€24.3 million, depreciation of -€15.2 million, impairment of assets for -€3.6 million, impairment of equity investments for -€39.7 million, impairment of trade receivables for -€3.3 million, loan repayments for - €319.7 million, elimination of shares following a capital reduction for -€17.5 million.

Current assets stood at €109.6 million at 31 December 2020, compared with €83.5 million at 31 December 2019. This change of €26.1 million is mainly due to the increase in current account receivables of €21.9 million and the increase in cash and cash equivalents of €4.4 million.

The unrealised foreign exchange loss mainly relates to the unrealised loss recorded against inter-group debt of £295.3 million valued at €7.6 million at the closing rate on 31 December.

Shareholders' equity, before distribution, was €2,296.2 million at 31 December 2020, *versus* €2,128.9 million at 31 December 2019. This change is mainly due to the capital increase decided on 7 May 2020 giving each shareholder the option to receive the dividend in shares. 98.6% of the shareholders chose this option, thus creating 11,510,983 new shares for €184.9 million. The change is also due to net income for the year (+ €168.2 million) and distribution of the 2019 dividend (-€188.1 million).

Borrowings amounted to €2,153.2 million at 31 December 2020 (compared with €2,079.8 million as of 31 December 2019), of which €741.6 million in bonds, €1,273.7 million in borrowings and debt from credit institutions, €120.5 million of current accounts with subsidiaries, €6.5 million of trade payables and related accounts, €2.9 million or receivables to be established on variable income from hotels and €3.9 million in debts to subsidiaries.

Unrealised foreign exchange gains mainly relate to the unrealised gain recognised on intra-group receivables, valued at €9.5 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 L. 441-14 (formerly L. 441-6-1 repealed by Order 2019-359, 24 April 2019) of the French Commercial Code, which states that companies filing audited financial statements must disclose information on the payment terms of their suppliers and customers. The provisions of Article D. 441-4 of the French Commercial Code setting out the format for this disclosure in the management report were transferred to Article D. 441-6 of the same code on 27 February 2021.

| | Article D. Article D. 441 I.- 1: Invoices received and due but not yet paid on the closing date of the fiscal year | | | | | | Article D. Article D. 441 I.- 2: Invoices issued and due but not yet paid on the closing date of the fiscal year | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (€K) | 0 days (indicative) | 1-30 days | 31-60 days | 61-90 days | 91 days and over | Total 1 day and over | 0 days (indicative) | 1-30 days | 31-60 days | 61-90 days | 91 days and over | Total 1 day and over |
| **(A) Late payment categories** | | | | | | | **(A) Late payment categories** | | | | | |
| Number of invoices concerned | 22 | | | | | 13 | 26 | | | | | 587 |
| **Total amount of invoices concerned incl. Tax *** | **3,437** | **1,465** | **25** | | **23** | **1,513** | **237** | **1,570** | **1,271** | **-** | **3,297** | **6,139** |
| Percentage of the total amount of purchases including tax during the fiscal year | 10% | 4.07% | 0% | | 0% | 4.20% | | | | | | |
| Percentage of revenues including tax during the fiscal year | | | | | | | 0.44% | 2.92% | 2.36% | | 6.13% | 11.41% |
| **(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 deadlines: Legal deadlines: 60 days | | | | | | Contractual terms: Statutory terms: **Observations: no invoicing for late payment interest** | | | | | |

* Invoices received, not paid but not due relate to rental payments on behalf of Covivio Hotels subsidiaries.

### 1.5.2.5 Appropriation of net income

A proposal will be made to the Combined General Meeting of 8 April 2021 to allocate income for the period of €168,212,028.29, plus retained earnings of €33,300,149.36, as follows:

- payment of the preferential dividend of €500,000 to the limited partner in respect of the fiscal year
- the payment of €34,462,380.16 in dividends to shareholders
- €166,549,797.49 to the retained earnings account.

Each share will thus receive a dividend of €0.26.

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 15 April 2021.

Based on the total number of shares that made up the share capital at 31 December 2020, *i.e.* 132,547,616 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 €34,462,380.16 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 €34,462,380.16. The dividend drawn against profits subject to corporate income tax amounts to €0.

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 |
|---|---|---|---|---|
| 2019 | 121,036,633 | €1.55 | €0 or €0.5418 (if IT option) | €1.55 or €1.0082 (if IT option) |
| 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) |

### 1.5.2.6 Company results over the last 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 2016 | Fiscal year 2017 | Fiscal year 2018 | Fiscal year 2019 | Fiscal year 2020 |
|---|---|---|---|---|---|
| **I - Share capital at year-end** | | | | | |
| **a.** Share capital | 296,415,852 | 351,264,348 | 472,231,544 | 484,146,532 | 530,190,464 |
| **b.** Number of ordinary shares outstanding | 74,103,963 | 87,816,087 | 118,057,886 | 121,036,633 | 132,547,616 |
| **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 - Transaction and results for the year** | | | | | |
| **a.** Revenues net of tax | 108,703,553 | 84,929,670 | 75,832,603 | 76,038,319 | 46,650,708 |
| **b.** Income before tax, employee profit sharing, depreciation, amortisation and provisions | 382,055,857 | 93,045,651 | 242,443,368 | 256,496,393 | 182,382,551 |
| **c.** Corporate income tax | 0 | - 1,249,711 | 0 | 0 | 0 |
| **d.** Employee profit sharing due for the year | 0 | 0 | 0 | 45,920 | 0 |
| **e.** Income after tax, employee profit-sharing, depreciation, amortisation and provisions | 334,397,190 | 79,582,706 | 218,201,881 | 184,274,609 | 168,212,028 |
| **f.** Distributed income | 229,722,285 | 164,690,752 | 182,989,723 | 187,606,781 | 34,462,380 |
| **III - Earnings per share** | | | | | |
| **a.** Income after tax and employee profit sharing, but before depreciation, amortisation and provisions | 5.16 | 1.07 | 2.05 | 2.12 | 1.38 |
| **b.** Income after tax, employee profit sharing, depreciation, amortisation and provisions | 4.51 | 0.91 | 1.85 | 1.52 | 1.27 |
| **c.** Dividend per share | 3.10 | 1.55 | 1.55 | 1.55 | 0.26 * |
| **IV - Staff** | | | | | |
| **a.** Average salaried headcount over the fiscal year | 14.25 | 17.75 | 21.42 | 21.25 | 22.83 |
| **b.** Total payroll for the fiscal year | 1,549,753 | 1,928,840 | 2,390,769 | 2,641,301 | 2,432,920 |
| **c.** Amount paid in employee benefits for the fiscal year (social security, benefits, etc.) | 725,173 | 953,361 | 2,722,681 | 3,093,622 | 2,092,055 |

* Proposed to the Combined General Meeting of 8 April 2021.

### 1.5.2.7 Statutory Auditors' reports

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 Risk factors, internal control and risk management



## 1.6.1 Risk factors

In accordance with the European Regulation (EU) no. 2017/1129 of 14 June 2017 and the two associated delegated regulations taking full effect from 21 July 2019 ("Prospectus 3") and the ESMA guidelines on risk factors, the risks specific to Covivio Hotels, the occurrence of which could have a material effect on the Company's financial position or results, after the application of risk management measures, are presented below.

Covivio Hotels' risk mapping is regularly reviewed by the Audit Committee and the Supervisory Board. Covivio Hotels updated it in order to take into account, in particular, changes to its operating environment, including the global health environment.

The analysis identified the major risks and the action plans to be implemented or strengthened in order to improve their management. A report on improvements to the control of risks which already had actions plans was also drawn up.

The attention of investors is, however, drawn to the fact that other risks may exist, which are unidentified or whose occurrence is not currently considered likely to have significant adverse effects.

### 1.6.1.1 Risk ranking

Risks are identified and rated by the Risk Department, based on interviews and the results of the annual audit plans, which make it possible to identify their level of control, *via* analysis of the effectiveness of the internal control processes deployed - as well as benchmarking to comparable situations in other companies.

The risks are presented in a limited number of categories (I. to VI.) In accordance with ESMA guidelines[1].

The risk rating results from a combined analysis of their potential negative impact and their probability of occurrence, while taking into account the control systems implemented by the company.

#### 1.6.1.1.1 Impact and level of control

The occurrence of the risk is likely to have an impact on the value of the company, its results, its image and/or its business continuity.

Thus, the rating of the impact is based on an estimate of the financial impact risk should the risk occur, on the NAV or consolidated EPRA Earnings (Group share) of Covivio Hotels, depending on the financial flows concerned. Certain non-quantifiable risks are estimated on the basis of their potential consequences on the continuity of the business and/or on the image of Covivio Hotels, consequences that could hinder the ability of Covivio Hotels to implement its strategy and establish new business relations with its stakeholders (buyers, sellers, customers, tenants, suppliers, etc.). Once quantified, the gross impact is corrected for the level of risk control and insurance coverage.

This gives a net impact rating on a scale of 1 to 4 (from the lowest to the highest).

#### 1.6.1.1.2 Probability and level of control

The probability of occurrence of the risk is rated from 1 to 4 which also takes into account the control system put in place by Covivio Hotels, mainly based on the efficiency of its procedures and, more generally, its internal control system.

#### 1.6.1.1.3 Overall risk assessment

The risk is classified by taking into account the combined effect of the net impact and the net probability of occurrence:

low risk: less than 1.5

moderate risk: between 1.6 and 2.5

high risk: between 2.6 and 3.5

very high risk: more than 3.6

### 1.6.1.2 Summary of the main risks to which Covivio Hotels is subject

The main risks are identified in the table below. They are grouped into six categories:

I. Pandemic risks

II. Risks related to Covivio Hotels' operating environment

III. Risks related to IT systems, data security and cybercrime

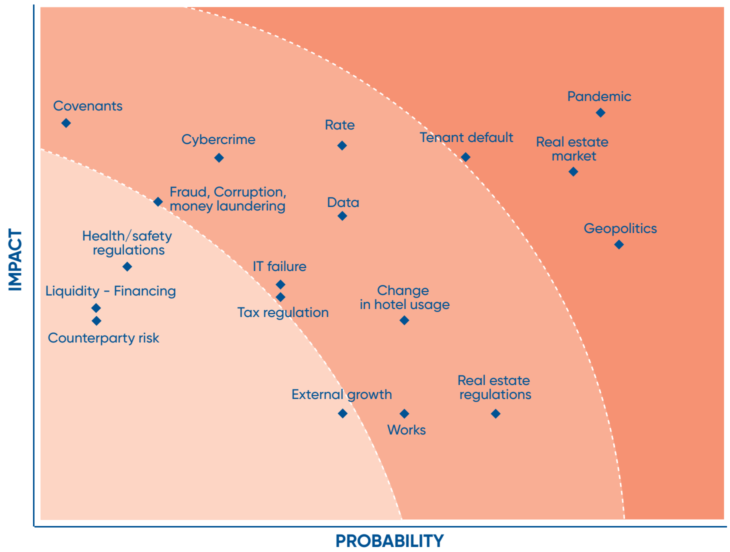
IV. Risks related to Covivio Hotels' legal and regulatory environment

V. Risks related to the development of Covivio Hotels

VI. Financial risks

(1) *ESMA31-62-1293 EN "Guidance on risk factors in the context of the Prospectus Regulation".*

| Risk category | Risks | (Risk: see graph) | Risk category |
|---|---|---|---|
| **I. Pandemic risks** | Decline/halt in business resulting from a Covid-type pandemic | **Pandemic** | **Very high** |
| **II. Risks related to Covivio Hotels' operating environment** | Unfavourable evolution of the real estate market: fall or stagnation of values and rents | **Real estate market** | **High** |
| | Decline/halt in activity resulting from an unfavourable political and geopolitical environment, terrorism, social unrest, etc. | **Geopolitics** | **High** |
| | Default or insolvency of tenants resulting from a deteriorated overall economic environment (unpaid bills) | **Tenant default** | **High** |
| | Decrease in demand and risks of vacancy resulting from new uses (business travel/trade shows/seminars slowdowns, etc.) | **Change in hotel usage** | **Moderate** |
| **III. Risks related to IT systems, data security and cybercrime** | Theft and/or alteration of data, including personal data | **Data** | **Moderate** |
| | Failure of IT systems, consequences of cyber attacks | **Cybercrime** | **Moderate** |
| | Intrinsic failure of Covivio's information systems or related to the digital transformation | **IT failure** | **Moderate** |
| **IV. Risks related to Covivio Hotels' legal and regulatory environment** | Risk of fraud, corruption (and related offenses), money laundering and related legal and image risks | **Fraud, corruption, money laundering** | **Moderate** |
| | Unfavourable developments in real estate regulations | **Real estate regulations** | **Moderate** |
| | Unfavourable developments in tax regulations | **Tax regulations** | **Moderate** |
| | Unfavourable changes in health and safety regulations | **Health/safety regulations** | **Moderate** |
| **V. Risks related to the growth of Covivio Hotels** | Risks related to construction, works and redevelopment: late delivery, over budget or risks related to site safety | **Works** | **Moderate** |
| | Risks related to mergers and acquisitions: overestimate of values, misvaluation of liabilities, acquisition of toxic liabilities | **External growth** | **Low** |
| **VI. Financial risks** | Unfavourable change in interest rates | **Interest rate** | **High** |
| | Breach of banking covenants (LTV, ICR) related to fall in values and/or revenues | **Covenants** | **Moderate** |
| | Liquidity risks - Difficulties in raising financing/refinancing | **Liquidity - Financing** | **Moderate** |
| | Failure of our financial (interest rate hedging) and insurance partners | **Counterparty risk** | **Low** |



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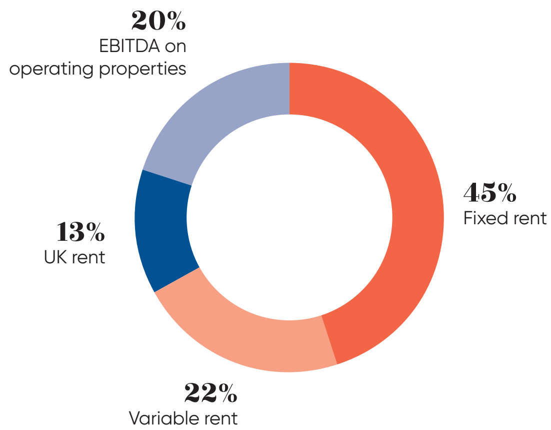
## 1.6.2 Detailed analysis of the main risks to which Covivio Hotels is subject and management systems

### 1.6.2.1 Pandemic risks

**Risks**

- The activity of Covivio Hotels was particularly affected by the Covid-19 pandemic and other pandemics in the future could have similar effects, in that they would constrain international travel, could require the implementation of restrictive health and safety measures or the closure of establishments.
- Covivio Hotels could again be faced with:
  - a deterioration in the financial strength of its tenants and a risk of non-payment in its portfolio leased under "fixed rents"
  - a fall in variable rents
  - operating losses on the portfolio held as "operating properties"
- Thus, at the height of the crisis, only 22% of hotel rooms (by number) were open.
- The Covivio Hotels portfolio breaks down by type of rent and income as follows:




- The changes in rents and revenues by type between 2019 and 2020 (as a share of the Covivio Hotels group, excluding retail) are presented below. They were almost exclusively affected by the global health situation:
  - Variable rental income: €16 million in 2020/-73% compared to 2019. These mainly comprise the portfolio in France and Belgium leased to AccorInvest which was affected by the closure of many hotels throughout 2020 and by the low occupancy rates of the hotels that remained open.
  - UK rental income: €0 million in 2020/-100% compared to 2019. The health crisis triggered the major underperformance clause in the lease, which reduces the rent when the operator's loss on the portfolio exceeds one third of the annual rent. As a result, no rental income was recorded in this scope for 2020.
  - Fixed rental income: €108 million in 2020/-3% compared to 2019. Fixed rents suffered a limited decrease resulting from lease renegotiations with tenants as well as a temporary decrease related to a transition period between two tenants on a hotel in Spain.
  - EBITDA of hotel operating properties: €8 million in 2020/-88% compared to 2019. Revenues from operating properties were affected by closures from March to December as well as the low occupancy rates of hotels that remained open during 2020.

**Control system**

- In the tourism segment, Covivio Hotels anticipates a future recovery in the hotel industry in Europe, which will initially be driven by three main drivers:
  - markets with predominantly domestic and/or regional customers, such as France, Germany and the United Kingdom
  - markets with predominantly leisure customers, including France, Germany, Italy and the United Kingdom
  - individual customers, who will be the first to benefit from the lifting of government restrictions.
- Considering these elements, the Covivio Hotels portfolio is well positioned to benefit from the coming recovery: variable revenues, concentrated in France and Germany, as well as revenues from the UK portfolio, are generated mainly by domestic or regional customers, who travel individually for leisure. The strong momentum in these markets, particularly in France and Germany, was confirmed during the summer of 2020, with a rapid recovery following the lifting of government restrictions: between April and August, RevPar performance in France and Germany outperformed the rest of Europe, by 31 and 17 points respectively.
- Although they cannot be controlled, future pandemic risks and their consequences could be better contained due to the experience of the last two years as well as the greater agility of hotel operators in the deployment of appropriate health and safety measures.

**Risk category**

**Very high**

### 1.6.2.2 Risks related to Covivio Hotels' operating environment

| Risks | Control systems | Risk category |
|---|---|---|
| **Unfavourable evolution of the real estate market: fall or stagnation of values and rents** | | **High** |

**Risks**

- The total assets of Covivio Hotels at the end of 2020 (€6.8 billion Group share) mainly consisted of the appraisal value of the buildings, which at the end of 2020 amounted to €6.2 billion (*i.e.* over 92%). Any change in the value of buildings has a direct impact on the balance sheet total.
- The value of the Covivio Hotels portfolio depends on the evolution of the real estate markets in which the Group operates. Both rent levels and market prices (and consequently the capitalisation rates used for comparison purposes by appraisers) may be subject to fluctuations due to the financial environment. Covivio Hotels recognises its investment properties at fair value in accordance with the option offered by IAS 40.
- In 2020, the value of the hotel portfolio (Group share) changed on a like-for-like basis by -6.9% compared to +5.5% in 2019, this significant decrease being mainly due to the effect of the Covid-19 pandemic on revenues generated by the hotel activities and the risk levels (reflected in the rates) estimated by the appraisers, as presented in paragraph 1.6.2.1 "Pandemic risks".
- For information, the following table presents the sensitivity of asset valuations at 31 December 2020 to yield rates (which correspond to rents/appraisal values excluding taxes):

| € millions | Group share yield [1] | Yield rate - 50 BPS Group share | Yield rate + 50 BPS Group share |
|---|---|---|---|
| Hotels in Europe | 5.5% | 480.9 | - 401.1 |
| **TOTAL** | **5.5%** | **480.9** | **- 401.1** |

(1) GS: Covivio Hotels Group share

- Thus, a decrease in appraisal values is likely to affect the net asset value of Covivio Hotels and, possibly, its share price.
- In addition, Covivio Hotels may not always be able to implement its leasing, disposal and investment strategy on favourable market terms, due to fluctuations in the real estate markets.

**Control systems**

- Covivio Hotels is committed to maintaining a solid rental base, with large accounts and long-term leases (remaining firm lease term of 14.2 years at the end of 2020).
- The geographical diversification of activities helps to reduce the impact of risk (see section 1.3.1 of this Document).
- The professionalism of the teams and the long-term partnerships forged with its tenants enable Covivio Hotels to be a key player, recognised in the markets in which it operates.
- Covivio Hotels also relies on the Covivio Group's Innovation Department and Digital Department, created to anticipate and incorporate these issues into its strategy and ensure competitive advantage.

| Risks | Control system | Risk category |
|---|---|---|

### Decline/halt in activity resulting from an unfavourable political and geopolitical environment, terrorism, social unrest, etc.

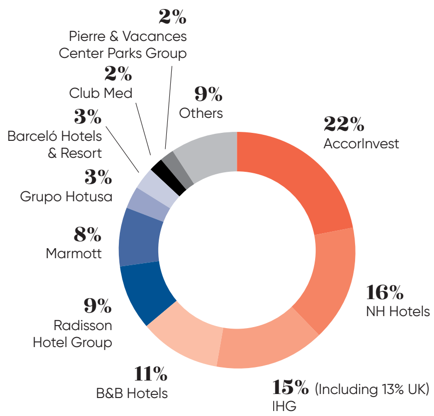
**Risk category: High**

**Risks**

- Instability or a deterioration in the economic environment in Europe and, more particularly in the countries 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, 39% of the portfolio by value at 31 December 2020) 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 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.

**Control system**

- 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, its locations and the deployment of innovative hotel concepts
  - maintaining a high residual term of hotel leases (firm 14.2 years at the end of 2020).
- Covivio Hotels has also chosen to form partnerships with major hotel groups (AccorInvest, NH Hotels, IHG, B&B, Radisson, Barcelo, Hotusa, Motel One, etc.) with a solid financial base enabling them to cope with a significant decrease in their revenues in the short/medium term.
- At the same time, Covivio Hotels is working to diversify its rental base; over the last four years, the company has considerably expanded its number of partners with IHG, MEININGER and Motel One.




### Default or insolvency of tenants resulting from a deteriorated overall economic environment (unpaid bills)

**Risk category: High**

**Risks**

- 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. This risk of insolvency of Covivio Hotels tenants is mainly related to the geopolitical context (see above) and pandemic (see Pandemic risks).
- As of 31 December 2020, €10.7 million in provisions were recorded by the Company for unpaid rent and charges. In particular, this includes the provision of €2.4 million made following the judicial liquidation of the tenant Courtepaille in 2020. The Courtepaille assets have since been taken over by the Buffalo Grill group. As a reminder, in 2019 and in 2018, no tenant of Covivio Hotels was in arrears.

**Control system**

- The measures to reduce the risk of non-payment are detailed above in the section relating to the risk "Decline/halt in activity resulting from an unfavourable political and geopolitical environment, terrorism, social unrest, etc.".
- Covivio Hotels also uses industry software to monitor the financial performance of its tenants, thus limiting the risk of potential insolvency.
- A monthly report on non-payments is prepared monthly and presented to General Management.
- The partnership committees formed with each key tenant enable Covivio Hotels to keep track of their business performance.
- Rental guarantees and security deposits generally reduce the risk of non-payment by Covivio Hotels.

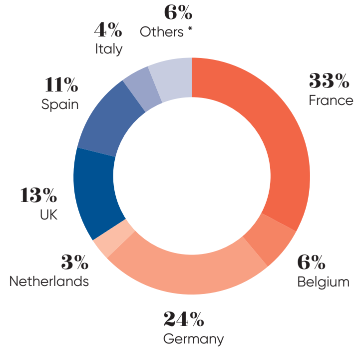
| Risks | Control system | Risk category |
|---|---|---|
| **Decrease in demand and risks of vacancy resulting from new uses (slowdown in business travel/trade shows/seminars, etc.)** | | **Moderate** |

**Risks**

- Mainly driven by the pandemic context (see Pandemic risks), new cyclical and structural uses are beginning to affect the hotel sector.
- Both the development of teleworking (and the deployment of efficient remote communication methods) and the growing environmental concerns of companies could lead to a slowdown in business travel, in particular for individual international customers, in the medium/long term.
- As a result, the occupancy rates of hotels in this segment could decrease in coming years, which could have the following consequences:
  - a deterioration in the financial strength of Covivio Hotels' tenants and a risk of non-payment in its portfolio leased under "fixed rents"
  - a fall in variable rents
  - operating losses on the portfolio held as operating properties.
- More specifically, the decline in international trade shows/seminars could continue in coming years. Hard hit by health restrictions, the European sector saw a significant decline compared to 2019.
- In the tourism segment, mainly affected by the pandemic context, Covivio Hotels anticipates a faster recovery in activity.

**Control system**

- Covivio Hotels has chosen a demanding asset allocation strategy, particularly in terms of property quality, long-term rental partnerships and geographical distribution.
- At the end of 2020, 88% of Covivio Hotels' portfolio was located in major European cities with a high level of tourist appeal, such as Paris, Berlin, London, Rome, Madrid and Barcelona, and the business travel segment represented 49% of assets in the Covivio Hotels portfolio.




- In the tourism segment, the company anticipates a future upturn in the hotel industry in Europe (see "Pandemic risks").
- The maintenance of a high firm residual term of the leases of Covivio Hotels (14.2 years at the end of 2020) as well as the staggering of the exit of its tenants, enabling the Company to secure its cash flows in the long term.
- Lastly, thanks to ongoing dialogue with its partners, Covivio Hotels will be able to encourage and support the development of innovative concepts enabling its portfolio to adapt to new uses.

* Portugal, Ireland, Hungary, Czech Republic and Poland

### 1.6.2.3 Risks related to information systems, data security and cybercrime

| Risks | Control system | Risk category |
|---|---|---|
| **Theft and/or alteration of data, including personal data** | | **Moderate** |
| • In view of its activity as a hotel operator in Europe through its portfolio held as a separate property, Covivio Hotels is particularly concerned with the management of personal data.<br>• In addition, the increasing digitization of its activities, intended in particular to improve its services, means that Covivio Hotels uses multiple data subcontractors.<br>• Thus, in addition to the financial, operational or image damage that could result from theft or alteration of its data (processed in its own systems or those of its subcontractors), Covivio Hotels could be liable for fines issued by the competent data protection supervisory authorities, which, in accordance with the European Regulation No. 2016/679, known as the General Data Protection Regulation (GDPR), could reach 4% of its global revenues.<br>• More generally, Covivio Hotels could be subject to penalties for non-compliance with the other principles of the Regulation: purpose, proportionality and relevance, limited retention period, security and confidentiality, respect for the rights of data subjects, including information provided to them regarding the processing of their data. | • Covivio Hotels, using the central services of the Covivio Group, has put in place a dedicated structure for the protection of personal data at European level, detailed in paragraph 2.6 of the Covivio Group's URD. This includes the appointment of a Data Protection Officer, guarantor of the protection of personal data processed within the Group.<br>• The measures dedicated to the security of information systems are detailed in Section 1.6.4.2.1.2 of this Document. | |
| **Failure of IT systems, consequences of cyber attacks** | | **Moderate** |
| • The cash flows that the company may have to disburse exposes Covivio Hotels to the risks of cyberattacks and attempted fraud by clever engineering that could lead to extortion, theft, loss of data or business interruption.<br>• Over the past two years, Covivio Hotels has seen an increase in attempted fraud through clever engineering and phishing operations, but the company has not suffered any financial damage to date.<br>• Interruptions, violations or failures of the information systems would lead, apart from substantial damage to computer hardware, image risk and 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. | The measures put in place to reduce this risk are described in more detail in paragraph 1.6.4.2.1.2 of this Document:<br>• back-up plan<br>• Business Continuity Plan<br>• intrusion tests<br>• cyber risk training and awareness<br>• cyber risk mapping<br>• cyber insurance<br>• implementation of an Information Systems Security Policy (ISSP) and a Chief Information Security Officer (CISO). | |
| **Intrinsic failure of information systems or related to the digital transformation** | | **Moderate** |
| • With a view to improving customer satisfaction, by proposing an offer adapted to the challenges of tomorrow and by reinforcing the integration of its teams and activities, in 2018 the Covivio group launched a digital transformation intended to be rolled out Europe-wide, particularly in the Covivio Hotels scope.<br>• This notably involves pooling its management applications *via* a software package that, among other functionality, integrates its accounting and real estate management.<br>• This project will require a massive data migration as well as configuration of the new software to the specificities of the Group in terms of products and activities.<br>• In the event of a poor estimate of requirements during the deployment phase of the project or a technical failure during the migration, Covivio Hotels could experience partial or total temporary unavailability of its invoicing, payment and accounts reporting systems, leading to associated financial and image risks.<br>• Similarly, a significant delay in the deployment of this structural project could result in high additional consulting costs. | • For the digital transformation, Covivio has chosen to use local publishers and to surround itself with consultants with proven experience in supporting large international groups.<br>• There are dedicated workshops and support from specialised consultants to help anticipate technical and organisational problems with the migration.<br>• If the migration fails, the use of current systems may be extended. | |

### 1.6.2.4 Risks related to the legal and regulatory framework in which Covivio Hotels operates

| Risks | Control system | Risk category |
|---|---|---|
| **Risk of fraud, corruption (and related offenses), money laundering and associated legal and image risks** | | **Moderate** |
| • The activities of Covivio Hotels and in particular the sales, acquisition and leasing activities involve significant capital movements as well as regular contacts between Covivio Hotels employees and local service providers, intermediaries and/or public officials.<br>**Fraud**<br>• Covivio Hotels could be the victim of internal or external fraud: use of privileged access, identity theft of an employee, manager or service provider in order to obtain a transfer to a third-party account for a real or fictitious transaction, etc.<br>• This risk is exacerbated by teleworking as a result of the health crisis, in which fraudsters see an opportunity to hijack companies' internal control systems and increase their attacks.<br>**Corruption and influence peddling**<br>• Covivio Hotels staff (employees, corporate officers), directly or *via* intermediaries may be liable to commit these offenses, in their own interest, that of a third party or that of Covivio Hotels.<br>• For example, employees could grant donations, subsidies, gifts or other miscellaneous benefits (recruitment of a relative, etc.) with a view to obtaining a contract, any other favourable decision by a public official, a company officer or other decision-maker in connection with a sale, acquisition or lease.<br>• Similarly, Covivio Hotels employees could be granted these same benefits to encourage the use of a service provider.<br>• In the event of proven corruption or influence peddling, in addition to the penalties provided for by law, Covivio Hotels could be criticised for the weakness of its risk prevention system as defined by Law no. 2016-1691 of 9 December 2016 on transparency, the fight against corruption and the modernisation of the economy and be subject to sanctions in this respect.<br>**Money laundering**<br>• Covivio Hotels could take part in or carry out operations involving a violation of French or European laws and regulations relating to asset freezes or embargoes. Likewise, Covivio Hotels could be penalised for failing to comply with the provisions of the French Monetary and Financial Code on anti-money laundering and terrorist financing obligations, for example, by failing to perform appropriate due diligence for each type of transaction (enhanced vigilance).<br>• In addition to the penalties (administrative, civil, criminal, etc.) and their financial impact, Covivio Hotels could, in the event of proven fraud, corruption or money laundering, experience a deterioration in its image, which would have the effect of limiting its ability to forge business relationships and implement its strategy of disposals, acquisitions, development or leasing. | • Covivio Hotels has a structured internal control system, the operation of which is described in section 1.6.4 of this document.<br>• Measures to prevent specific risks of fraud, corruption and money laundering are detailed in paragraph 2.6.2 of the Covivio group's URD and in paragraph 1.6.4.2.1.5 of this Document. This system is coordinated at European level by the Group Compliance Officer, who also covers the activities of Covivio Hotels. | |

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| Risks | Control system | Risk category |
|---|---|---|
| **Unfavourable developments in real estate regulations** | | **Moderate** |
| • Legal and regulatory changes in terms of commercial leases, particularly in terms of term, indexation and rent ceilings, are likely to have negative consequences on the valuation of the portfolio, results, business or financial position of Covivio Hotels. | • Regular legal and case law reviews are carried out in a changing legal and regulatory context.<br>• The specialist teams managing the hotel portfolio, supported by the Group Legal Department and specialised consultants in Europe, monitor the application of these regulations. Also, Covivio Hotels diversified geographical footprint limits the company's exposure to country risk.<br>• The regulatory context continues to evolve and requires constant vigilance from the Covivio Hotels teams. | |
| **Unfavourable developments in tax regulations** | | **Moderate** |
| • For some of its activities, Covivio Hotels benefits from the SIIC regime (for real estate investment companies). 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.<br>• 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.<br>• In Spain, Covivio Hotels investments also benefit from a special regime for real estate activities called SOCIMI.<br>• Any change in tax rules (tax, duties) or any failure to comply with the above-mentioned obligations could have an unfavourable impact on Covivio Hotels' financial results. | • The Group's Tax Department, composed of dedicated professionals, is responsible for managing tax risks. They constantly monitor regulations and case law, both local and European, with the help of specialised external consultants. | |
| **Unfavourable changes in health and safety regulations** | | **Moderate** |
| • The business of Covivio Hotels is subject to laws and regulations relating to 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.<br>• 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.<br>• Likewise, the diversification of Covivio Hotels' accommodation offering (with options ranging from traditional hotels to youth hostels) as well as the offer of catering services, mainly in its operating properties, exposes the Company to various obligations and responsibilities related to the health and safety of its customers, which were reinforced during the Covid-19 pandemic. (see Pandemic risks) | • Covivio Hotels relies on Covivio's Sustainable Development Department, which is responsible for monitoring changes in environmental regulations. It manages and relays information so that Covivio Hotels teams can set objectives and draw up action plans to anticipate future regulations.<br>• Each acquisition made 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.<br>• Covivio Hotels operates its hotels in compliance with the permits granted by the prefectoral and safety authorities.<br>• The health/safety measures recommended by the government were passed on to the teams and hotels at the end of February 2020. | |

### 1.6.2.5 Risks related to the growth of Covivio Hotels

| Risks | Control system | Risk category |
|---|---|---|
| **Risks related to construction, works and redevelopment: late delivery, over budget or risks related to site safety** | | **Moderate** |
| • Covivio Hotels actively enhances the value of its portfolio, in particular *via* a dynamic works policy (€23 million completed in 2020).<br>• As a result, the Company is exposed to risks related to the development of real estate assets:<br>  • Project cost overruns<br>  • Late delivery (technical difficulties or delay in execution due to a failure to obtain administrative authorisations) which may in certain cases lead to the payment of penalties to the tenant or constraints on the operation of hotels or even the lapse of the lease if the delay goes beyond a predetermined period.<br>  • Significant Health/Safety risk on all construction sites. Covivio Hotels and its partners must put in place adequate measures to guarantee the health and safety of employees on construction sites in an environment that exposes them to risks of all kinds: falls, electric shock, exposure to chemical products. noise, vibration, etc.<br>  • Consideration of environmental protection standards in an increasingly stringent regulatory context. | • A procedure specifies all the studies to be carried out prior to the launch of any modernisation project, including a process for selecting service providers and monitoring throughout the construction period until delivery of the asset.<br>• Construction companies sign up to delivery deadlines, including late payment penalties.<br>• Specific audits of works and development operations are carried out regularly and have not yet revealed any failures. | |
| **Risks related to mergers and acquisitions: overestimate of values, misvaluation of liabilities, acquisition of toxic liabilities** | | **Low** |
| • Covivio Hotels' development strategy is based on the acquisition of properties or property portfolios, which exposes it to various risks.<br>• The volume of acquisitions over the last five years amounted to €3 billion, of which €0.6 billion in 2020.<br>• Covivio Hotels could overestimate the expected return on an acquisition, which would then be completed at too high a price.<br>• Covivio Hotels could acquire assets - or securities in companies holding assets - with hidden defects, particularly in environmental matters, non-compliances that would not be covered by vendor guarantees or a liability that could result in sanctions under the Sapin 2 Law. | • Due diligence is carried out before each acquisition, with the help of specialised external consultants. The purpose of these analyses is to identify any risks and to arrange guarantees and other support measures on behalf of Covivio Hotels.<br>• Acquisitions are subject to approval by General Management and the Supervisory Board, depending on the thresholds in the governance rules. The risks, obstacles and opportunities are reviewed in detail during the validation procedure.<br>• In 2020, Covivio appointed a Group Risk Manager whose mission is to provide the General Management with, in addition to a detailed risk analysis, an independent overview of the risks inherent to investment transactions prior to their presentation to the governance bodies.<br>• The Group Compliance Officer is also involved in investment transactions by carrying out prior probity analyses of counterparties and target companies. | |

### 1.6.2.6 Financial risks

| Risks | Control system | Risk category |
|---|---|---|
| **Unfavourable change in interest rates** | | **High** |
| • Covivio Hotels' borrowings, which totalled €2.7 billion Group share at the end of 2020, exposes it to the risk of an increase in interest rates that could lead to a significant increase in financial expenses.<br>• A higher financing cost would reduce Covivio's ability to finance its development.<br>• A 25 BPS increase in the three-month Euribor would have an impact of €0.9 million on Covivio Hotels' EPRA earnings.<br>• 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. | • The average rate on Covivio Hotels' debt remained low at 1.99% at the end of 2020 (compared to 2.25% at the end of 2019).<br>• Covivio Hotels uses derivative instruments to hedge the interest rate risk to which it is exposed, mainly caps, swaps and floors. It does not engage in market transactions for any other purpose than to hedge its interest rate risk.<br>• At the end of 2020, Covivio Hotels' debt was 77% hedged for an average of six years.<br>• The company's policy of paying down debt, instituted several years ago, has helped to reduce this risk. LTV including duties was 41.9% at 31 December 2020 (at Group share and adjusted for assets under a preliminary sale agreement) compared with 34.9% at 31 December 2019. Despite this increase, Covivio Hotels aims at maintaining an LTV below 40%.<br>• Sensitivities to an increase in interest rates are described in Section 3.2.2.3 of this Document.<br>• Covivio Hotels has arranged a hedge of the foreign exchange risk on its sterling borrowings which currently covers 92% of its sterling assets (13% of its portfolio) and would therefore be only mildly affected by such variations. | |
| **Breach of banking covenants (LTV, ICR) related to fall in values and/or revenues** | | **Moderate** |
| • The risks related to changes in values and rents are detailed in the developments dedicated to risk "Unfavourable evolution of the real estate market: fall or stagnation of values and rents ". (cf. above).<br>• In the event of breaching a covenant, Covivio Hotels would theoretically have to repay all of its drawn debt. In practice, however, this risk appears unlikely, as banks generally prefer to renegotiate the financial conditions of the borrowers concerned, as seen during the 2008 financial crisis. | • The systems for managing the risk of non-compliance with banking covenants (LTV, ICR) are essentially linked to the management of the following other risks:<br>  • "Unfavourable evolution of the real estate market: fall or stagnation of values and rents"<br>  • "Default or insolvency of tenants"<br>  • "Liquidity risks - Difficulties in raising financing/refinancing"<br>  • "Unfavourable change in interest rates"<br>• At the end of 2020, the most restrictive LTV (Loan to Value) covenant applying to Covivio Hotels is 60%, for an effective ratio of 44.2% (banking LTV) at the end of 2020. As a result, the Company could suffer a 26% fall in the value of its assets before reaching its LTV covenant.<br>• At the end of 2020, Covivio Hotels' ICR (Interest Coverage Ratio) stood at 2.2x and at the end of June 2020, it was 2.6x compared to a covenant requirement of 2.0x. In addition, as a precautionary measure and for the sake of security, Covivio Hotels agreed with all its creditors to suspend the Consolidated ICR covenant (2x) for the year 2020 and the first half of 2021. | |

| Risks | Control system | Risk category |
|---|---|---|
| **Liquidity risks - Difficulties in raising financing/refinancing** | | **Moderate** |
| • Covivio Hotels' long- and short-term borrowings at the end of 2020 amounted to €2.9 billion (at 100%), of which €0.2 billion is due in 2021.<br>• Cash and credit facilities available at 31 December 2020 amounted to €292 million.<br>• Covivio Hotels therefore also runs the risk of having insufficient liquidity to service its debt or refinance debts on maturity.<br>• Such a shortfall could lead to early repayment and, if the debt were secured, foreclosure of the security with the lender taking ownership of the assets concerned.<br>• The chart below shows the maturity schedule of Covivio Hotels' debt (at 100%).<br><br>Likewise, given its financial position, Covivio Hotels could be refused financing for its development or refinancing of its maturing debts or be subject to unfavourable interest rate conditions (see: "Unfavourable development of borrowing rates"). | • The tracking of multi-year cash management plans and, in the short term, the use of confirmed and undrawn lines of credit to limit this risk.<br>• Eighteen-month liquidity forecasts are analysed each month by the Finance department and submitted to General Management. | |
| **Failure of our financial and insurance partners** | | **Low** |
| • The risk of default by counterparties to contracts with financial institutions (relating to hedging contracts or credit lines) or with insurance companies could have a negative impact on Covivio Hotels' results.<br>• At the end of 2020, undrawn credit lines amounted to around €217 million (including €210 million for Covivio Hotels and €7 million for the investment partnership holding B&B assets); these may not be usable in the event of default by the financial institution.<br>• In the event of a counterparty default, Covivio Hotels could:<br>  • lose a significant portion of its deposits<br>  • lose the benefit of its interest rate hedging contracts<br>  • lose the coverage of insurance contracts in the event of a claim. | • As Covivio Hotels is a structural borrower, the risk of default by its financial partners is mainly limited to investments, undrawn credit lines and hedging contracts.<br>• Covivio Hotels prefers a diversified range of first-rate lenders to reduce this risk.<br>• IFRS 13 explicitly provides for the assessment of counterparty risk in the measurement of the fair value of liabilities. This valuation was carried out by a specialised body and included in the accounts of Covivio Hotels.<br>• In accordance with its diversification objective, Covivio Hotels arranges its insurance policies with several leading insurers (see Section 1.6.3 of this Document). | |

#### 1.6.2.7 Financial risks related to the effects of climate change

The Covivio Hotels CSR policy is integrated into the Covivio Group's overall sustainable development strategy. This strategy, and in particular its most significant climate-related challenges, are described in Chapter 2 of the Covivio Universal Registration Document.

This chapter constitutes Covivio's Statement of Non-Financial (or Extra-Financial) Performance (SNFP). 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 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 promoted by the Task Force on Climate-related Financial Disclosures (TCFD).

It 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 the way they are impacted by changes in climate conditions. The Group's carbon trajectory published in this chapter also includes development activities (construction, renovation) carried out in Europe. This reporting has also been aligned to the 17 Sustainable Development Goals (SDGs) defined by the United Nations. In line with the recommendations of EPRA and the Sustainability Accounting Standards Board (SASB), it is audited by an independent third party.

Financial risks inherent in climate change and due to physical risks to assets seem limited in the short term. More detailed and specific evaluation work is ongoing to measure the longer-term impacts.

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

## 1.6.3 Insurance policy

### 1.6.3.1 General policy

Covivio Hotels has set up an insurance policy to cover its operational risks. This policy consists of seeking comprehensive coverage in the insurance market suited to the activities and risks incurred by the Company. These policies are taken out with leading insurers and are part of the risk management strategy implemented by Covivio Hotels, which relies on the Covivio Group's Insurance Department. The main risks covered relate to property damage and acts of terrorism/attacks likely to affect the Company's real estate portfolio, as well as civil liability that may be incurred as part of Covivio Hotels' business as real estate company, owner and manager of buildings, hotel operator (owner of hotel business goodwill) or in its construction and real estate development projects.

Covivio Hotels also benefits from an insurance program against cyber risks, which supplements its insurance coverage against the risks of fraud and malicious IT actions.

The insurance terms and conditions applied to Covivio Hotels on 1 January 2020 are mostly identical to those on 1 January 2019, following a call for tenders to select the company's new insurance providers. However, after many consecutive years of falling premiums in a context of increasing claims, the insurance market is becoming tougher. In addition to this upward trend in 2020, the global health and economic crisis has directly affected the underwriting profits of insurers.

### 1.6.3.2 Description of coverage levels

#### 1.6.3.2.1 Property 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 covered by leading insurers with a global reputation, all with good financial strength ratings.

In terms of property damage, the insurance taken out covers material damage and financial losses resulting from a total loss affecting the largest asset in the Covivio Hotels portfolio. Covivio Hotels examines and annually checks insurance cover when these are taken out by the hotel operator on its behalf and takes out its own insurance cover for property damage and loss of rent or operating losses directly according to the portfolios when the company owns the hotel business. The financial losses of the company following the closure of establishments in the context of a pandemic are not generally guaranteed by Covivio Hotels' insurers like other hotel owners and operators.

The contractual limitations of the policies taken out are all adapted to the specificities and value of the portfolio covered. In addition, advised and assisted annually by the prevention engineering departments of its insurers, Covivio Hotels implements the necessary procedures to respond to their recommendations and maintain its assets in a permanent context of fire safety, security and generally, insurability in the insurance market.

For all redevelopment projects, Covivio Hotels systematically takes out legal insurance coverage locally, whether in Europe or in France, such as "Constructors all risk" during the period of construction, decenial insurance guarantees post-delivery "civil liability of the project owner/developer", in order to secure financially at each of its stages all its development operations.

#### 1.6.3.2.2 Liability insurance

The financial consequences of any claims, due to bodily injury, material and immaterial damage, suffered by third parties/customers and attributable to faults committed in the exercise of the Company's activities, or due to the real estate assets and the property and all the equipment that depends on it is insured under a specific insurance policy that provides high amounts of cover and is consistent with the size of the portfolio.

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.

#### 1.6.3.2.3 Other risk insurance

Covivio Hotels has taken the necessary measures to protect its interests and that of its shareholders with regard to exposure to financial risks resulting from acts of fraud or malfeasance, and computer malevolence, with a specific insurance contract. In view of the increase in cyber risks, Covivio Hotels also subscribes to the insurance program taken out by Covivio, which enables it to benefit from all the guarantees currently available on the cyber risk insurance market.

In addition, in the event of events that could harm the image and reputation of Covivio Hotels, an insurance cover has been taken out enabling it to finance the immediate intervention and fees of a communications firm specializing in hotel management crisis.

#### 1.6.3.2.4 Professional portfolio insurance (offices, IT, vehicles)

The professional portfolio, which includes office buildings when the company is the owner, but also its furniture, equipment and IT equipment, is insured by policies with guarantees extended to various events. A contract specific to the information system provides cover for additional costs, which has been adapted to the conditions and particularities of the Covivio Group Business Continuity Plan from which Covivio Hotels benefits. Company vehicles are covered for all risks by a "fleet-car" policy and the personal vehicles used by employees occasionally in the performance of their duties are covered by a "Mission Car" policy.

## 1.6.4 Internal control, risk management and compliance

### 1.6.4.1 Objectives, scope and guidelines for internal control and management risks

#### 1.6.4.1.1 Objectives and limits

To deal with potential risks, including those described in section 1.6.1, Covivio Hotels relies on the internal control and risk management system implemented by Covivio.

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 an absolute 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

The internal control and risk management system applies, without exclusion of scope, to all activities covered by Covivio Hotels and its subsidiaries, in France and abroad, as well as to all the subsidiaries it controls.

#### 1.6.4.1.3 Standards

Covivio Hotels relies on the "reference framework" recommended by the Autorité des Marchés Financiers. 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

#### 1.6.4.2.1 A structured organisation

In accordance with the recommendations of the AMF, the internal control system is based, in particular, on known objectives, a distribution of responsibilities, and adequate management of resources and skills.

##### 1.6.4.2.1.1 Delegations of powers and responsibilities

Delegations and subdelegations of powers are in place. This delegation ensures better organisation of the company and a stronger correlation between the responsibilities of operational entities and the responsibilities of the executive. They are subject to regular reviews and audits.

##### 1.6.4.2.1.2 Efficient and secure information systems

The various software packages used provide Covivio Hotels teams with functionalities adapted to their activities.

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

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

These measures are updated in keeping with organisational changes.

The security of the Information System and its infrastructure is ensured by:

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, operational since June 2013. This plan was drawn up jointly by teams from Covivio's Information Systems Department and Risk, Compliance, 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 includes 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
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. Cyber risk mapping, carried out with the help of a service provider specialising in this field. The process showed that many control processes were in place and further recommendations are being implemented to strengthen risk management.
5. Training and awareness-raising on cyber risks, with all employees attending training sessions on cyber risks to remind them of best practice and behaviours
6. An IT charter has been circulated and appended to the UES Covivio 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.

#### 1.6.4.2.1.3 Updated, validated and distributed procedures

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 Covivio Group'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 Group Risk, Compliance, 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.

#### 1.6.4.2.1.4 Employee training

The Group's Risk, Compliance, Audit and Internal Control Department holds training sessions called "Les Matinales du Process". They are mandatory, are intended for all employees in France and are intended to train and raise employee awareness on:

- the risks inherent to their activity
- new regulations, in particular with regard to the prevention of corruption risks
- the specific procedures of each department or business line
- components of the internal control system, including internal charters (notably the Ethics Charter)
- the role of the Ethics Officer.

In 2020-2021, these training courses focused on the fight against fraud, cybercrime, corruption and the protection of personal data.

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

#### 1.6.4.2.1.5 An established ethics and professional conduct system

Covivio Hotels has made compliance with regulations, internal procedures, rules of professional ethics and moral ethics one of its values. The Group Compliance Officer and Ethics Officer in the Covivio Group also cover the activities of Covivio Hotels. The company can thus count 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.

***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 and relayed to all hierarchical levels, including each new employee when they are inducted into their post.

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 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) The 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 explained during training sessions. Its existence is also brought to the attention of partners and suppliers *via* its publication on the Covivio Group'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. 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, and updated in 2020, 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 Group 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) The 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. Its mission includes several aspects: 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.

### 1.6.4.2.2 Management of evolving risks

#### 1.6.4.2.2.1 Risk mapping

For more than ten years, Covivio Hotels has carried out risk mapping, enabling it to gain a better understanding of the risks that could impact the company's results, monitor changes to those risks and improve the way they are managed. Significant risks are presented in section 1.6.1. In addition to the mapping of general risks, a mapping of corruption risks is also carried out and updated in accordance with the Sapin 2 Law.

#### 1.6.4.2.2.2 Incident database

An incident database makes it possible to reinforce the effectiveness of the systems for managing potential risks, by managing proven incidents, to avoid their repetition, and to contain their consequences.

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 for this purpose.

#### 1.6.4.2.2.3 The internal control manual

The internal control manual aims to improve the governance of internal control and risk management.

It highlights recent changes in the internal control system in terms of monitoring recommendations, implementing procedures and standards set by the AMF relating to governance, risk management and key information system elements.

### 1.6.4.2.3 Control activities proportionate to risks

The control activities in France and abroad 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.

#### 1.6.4.2.3.1 Control of risks on investments, disposals and financing

In accordance with the governance rules (see Section 4 of this Document), decisions relating to the greatest risks, above certain amounts, are placed under the control of the Supervisory Board and its specialist committees. They concern in particular:

- acquisitions and disposals
- medium- and long-term financing
- business plans and budget objectives
- principal strategic decisions.

Other risks fall under the control of the Chief Executive Officer.

In 2020, Covivio appointed a Group Risk Manager, who also covers the activities of Covivio Hotels; his mission is to provide the General Management with, in addition to a detailed risk analysis, an independent overview of the risks inherent to transactions prior to their presentation to the governance bodies.

#### 1.6.4.2.3.2 Control of the Company's activities

***Control of proprietary companies, management companies and operational departments***

Activities are controlled in order to identify the necessary actions to:

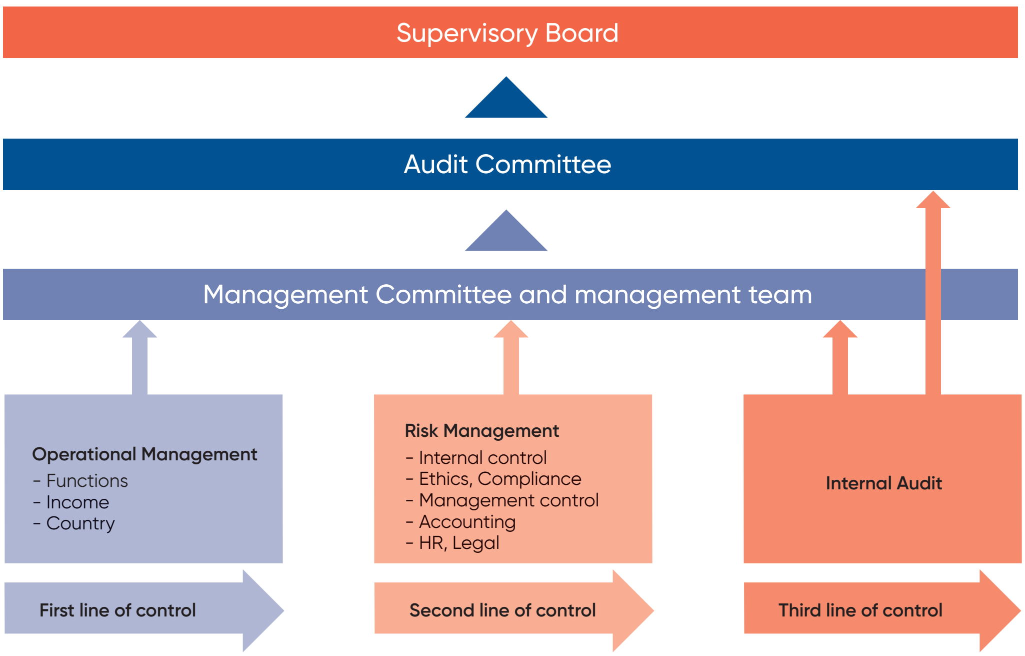
- deliver the budgeted receipts
- control operating expenses related to assets
- control direct operating expenses (personnel costs, appraisals, asset management, etc.).

Covivio Hotels Management Control monitors compliance with budgets.

The functional departments are controlled on a monthly basis with regard to cost management and budget compliance.

### 1.6.4.2.4 Organisation of the internal control and risk management system

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




Covivio Hotels relies on the Covivio Group's centralised services, particularly in the areas of Accounting, Legal, HR, Audit, Ethics and Compliance.

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

##### 1.6.4.2.5.1 Scope

For the purposes of the consolidated accounts, Covivio Hotels' internal accounting and financial control scope includes all consolidated subsidiaries.

##### 1.6.4.2.5.2 Agents

*1.6.4.2.5.2.1 Governance bodies*

As the consolidating company, Covivio Hotels defines and supervises the process of preparing the accounting and financial information published.

Two persons are particularly involved:

- the General Manager of Covivio Hotels is responsible for the organisation and implementation of the accounting and financial internal control and the preparation of the financial statements:
  - he presents the financial statements to the Audit Committee and the Supervisory Board, which approves them.
  - He ensures that the process of preparing the accounting and financial information produces reliable information and gives a true and fair view of the Company's results and financial position.
- The Audit Committee, as the representative of the Supervisory Board, conducts the verifications and controls it deems appropriate. It presents its report to the Supervisory Board before the closing of the financial statements.

*1.6.4.2.5.2.2 Production of accounting and financial information*

In France, as abroad, the quality of the financial statement production process is ensured by:

- formal accounting procedures
- the 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 roles between the power to commit to an action and the accounting for it
- review of consolidation reporting for each subsidiary
- review of the impact of taxes and disputes.

For every decisive event a specific note is drawn up analysing its impacts on the financial statements of the entities and on the consolidated accounts.

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

*1.6.4.2.5.2.3 Production of the consolidated accounts*

For preparation of the consolidated accounts, the Covivio Accounting Department, on which Covivio Hotels relies, has drawn up a detailed consolidation manual, and gives specific instructions to the Group's French and foreign subsidiaries, including Covivio Hotels and its own subsidiaries.

The consolidated accounts are produced using a dedicated software package. This tool is regularly updated to comply with IFRS requirements and the specificities of the various operational and financial activities of Covivio Hotels and its subsidiaries. The consolidated entities have a single accounting plan. The processed data is uploaded into the programme in data packages.

*1.6.4.2.5.2.4 Control of financial and accounting information*

The General Manager coordinates the preparation of the financial statements and sends them 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 Audit Committee and Supervisory Board.

Covivio Hotels applies the EPRA Best Practices Recommendations, notably when presenting its financial statements and performance indicators. This presentation provides better readability and allows comparability with real estate companies that publish in the same format.

## 1.6.5 Changes and outlook for 2021

As a follow-up to actions taken in 2020, the Risk, Compliance, Audit and Internal Control Department will ensure the full and thorough implementation of the year's audit plan in 2021. It will strive to improve the management, identification, understanding and hedging of risks within the company. Risk management, as well as compliance with personal data protection regulations, will also be major challenges in 2021, particularly for Covivio Hotels' operating properties and those run by external providers under management contracts.

# 1.7 Shareholders at 31 December 2020

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 share capital

At 1 January 2020, the company's equity stood at €484,146,532. It was made up of 121,036,633 shares with a par value of €4 each.

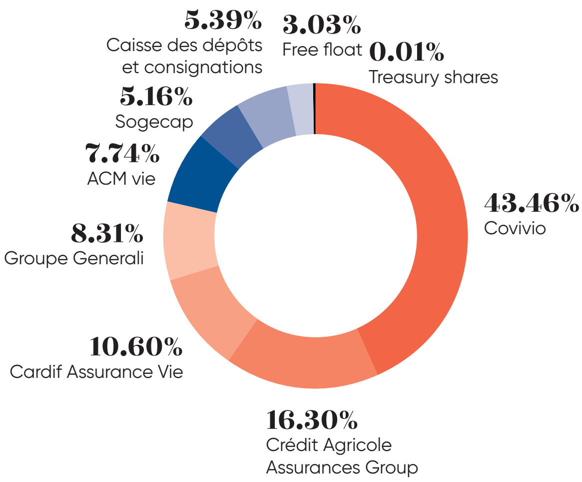
Following the final payment of the dividend in shares on 2 June 2020, 11,510,983 shares issued at a price of €16.07 per share, including a par value of €4, were subscribed and fully paid up.

The share capital of the company was thus increased by an amount of €46,043,932 by issuing 11,510,983 new shares with a par value of €4 each.

Consequently, at year-end on 31 December 2020, the company's equity amounted to €530,190,464. It was made up of 132,547,616 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. Double voting rights are not granted pursuant to Article L. 22-10-46 of the French Commercial Code.

The shareholding structure at 31 December 2020 was as follows:




| Name of shareholders | Number of shares/ Voting rights | Percentage |
|---|---|---|
| Covivio | 57,601,139 | 43.46% |
| Crédit Agricole Assurances Group | 21,607,052 | 16.30% |
| Cardif Assurance Vie | 14,048,356 | 10.60% |
| Groupe Generali | 11,019,979 | 8.31% |
| ACM Vie | 10,265,804 | 7.74% |
| Sogecap | 6,835,596 | 5.16% |
| Caisse des Dépôts et Consignations | 7,144,642 | 5.39% |
| Free float | 4,012,357 | 3.03% |
| Treasury shares | 12,691 | 0.01% |
| **TOTAL** | **132,547,616** | **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:

| | 31/12/2020 | | | 31/12/2019 | | | 31/12/2018 | | |
|---|---|---|---|---|---|---|---|---|---|
| | 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 | 57,601,139 | 43.46% | 43.46% | 52,307,218 | 43.22 | 43.22 | 49,941,715 | 42.30 | 42.30 |
| Crédit Agricole Assurances Group | 21,607,052 | 16.30% | 16.30% | 19,706,321 | 16.28 | 16.28 | 19,706,321 | 16.69 | 16.69 |
| Groupe Generali | 11,019,979 | 8.31% | 8.31% | 10,050,573 | 8.30 | 8.30 | 10,050,573 | 8.51 | 8.51 |
| Cardif Assurance Vie | 14,048,356 | 10.60% | 10.60% | 12,812,548 | 10.59 | 10.59 | 12,812,548 | 10.85 | 10.85 |
| ACM Vie | 10,265,804 | 7.74% | 7.74% | 9,362,740 | 7.74 | 7.74 | 9,362,740 | 7.93 | 7.93 |
| Sogecap | 6,835,596 | 5.16% | 5.16% | 6,234,282 | 5.15 | 5.15 | 6,234,282 | 5.28 | 5.28 |
| Caisse des Dépôts et Consignations | 7,144,642 | 5.39% | 5.39% | 6,516,141 | 5.38 | 5.38 | 5,902,897 | 5 | 5 |
| Free float | 4,012,357 | 3.03% | 3.03% | 4,043,761 | 3.34 | 3.34 | 4,041,970 | 3.42 | 3.42 |
| Treasury shares | 12,691 | 0.01% | 0 | 3,049 | – | 0 | 4,840 | – | 0 |
| **TOTAL** | **132,547,616** | **100%** | **99%** | **121,036,633** | **100** | **100** | **118,057,886** | **100** | **100** |

## 1.7.3 Threshold crossing disclosures and declarations of intent

### Threshold crossing disclosures

Nil.

### 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 | |
|---|---|---|---|---|---|---|---|---|
| Date | Type | Number of securities | Nominal (€) | 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 |
| 2 June 2020 | Capital increase following payment of the dividend in shares | 11,510,983 | 46,043,932 | 138,937,564.81 | | | 132,547,616 | 530,190,464 |

## 1.7.5 Information on cross-shareholding and share buyback programme

The Combined General Meeting of 7 May 2020 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 €40 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 5 April 2019, which resulted in 8,680 treasury shares being held by the company at 7 May 2020 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 7 May 2020.

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 7 May 2020.

The monthly trading volumes **for the fiscal year 2020** are as follows:

| | 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 (€)** |
| January | 4,253 | 29.00 | 4,235 | 29.35 |
| February | 5,110 | 27.07 | 2,865 | 28.44 |
| March | 8,513 | 20.93 | 4,433 | 23.03 |
| April | 2,464 | 18.17 | 2,992 | 18.51 |
| From 1 to 6 May | 312 | 19.19 | 742 | 19.64 |

| | Purchase | | Sale | |
|---|---|---|---|---|
| **Share buyback programme authorised by the GM of 7 May 2020** | **Number of shares** | **Average price per share (€)** | **Number of shares** | **Average price per share (€)** |
| 6 to 31 May | 7,181 | 17.84 | 5,835 | 18.76 |
| June | 7,436 | 18.95 | 7,461 | 19.62 |
| July | 6,341 | 16.47 | 3,136 | 16.66 |
| August | 3,237 | 14.78 | 2,382 | 15.14 |
| September | 4022 | 13.45 | 2,805 | 13.67 |
| October | 4,356 | 11.99 | 4,869 | 12.25 |
| November | 3,029 | 14.97 | 6,775 | 14.64 |
| December | 8,482 | 17.63 | 6,564 | 17.85 |

Accordingly, in the fiscal year 2020, the company proceeded under the liquidity agreement to purchase 64,736 of its own shares at an average price of €18.7377 per share, and to dispose of 55,094 of its own shares at an average price of €18,811 per share.

No cancellation of shares took place during the year.

At 31 December 2020, Covivio Hotels thus held 12,691 of its own shares representing 0.010% of the share capital, valued at €226,534.35 at 31 December 2020, on the basis of the purchase price (*i.e.* €17.85 per share) and equivalent to a par value of €50,764.

The transaction costs during the fiscal year 2020 were €27,500 excluding tax.

As the authorisation that was granted by the General Meeting on 7 May 2020 was for a period of 18 months, a new share buyback programme will be submitted to the Combined General Meeting on 8 April 2021.

## 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 | Average price (€) | Sale of financial instruments | Average price (€) | Number of shares held at 31 December 2020 |
|---|---|---|---|---|---|
| Mr Kullmann | / | / | / | / | 2,515 |
| Mr Estève | 52 shares* | / | / | / | 842 |
| Ms Aasqui | 5 shares<br>1 share [1] | 12.05<br>Loan | / | / | 6 |
| Covivio Participations | / | / | / | / | 1 |
| Ms Lelong-Chaussier | / | / | / | / | 0 |
| Covivio | 100,000 shares<br>5,054,834 shares*<br>55,509 shares<br>8,253 shares<br>3,695 shares<br>2,510 shares<br>6,300 shares<br>5,663 shares<br>2,328 shares<br>51,347 shares<br>1,149 shares<br>1,338 shares<br>995 shares | 27.30<br>16.07<br>11.80<br>11.91<br>11.87<br>11.85<br>11.86<br>11.78<br>11.76<br>11.85<br>11.77<br>11.75<br>11.88 | | / | 57,601,139 |
| Ms Goudallier | / | / | / | / | 0 |
| Fonciere Margaux | / | / | / | / | 1 |
| Ms Seegmuller | / | / | / | / | 0 |
| Predica | 1,673,846 shares* | 16.07 | 1 | Loan | 19,027,865 |
| Mr Chabas | / | / | / | / | 0 |
| Spirica | 5,000 shares<br>75,287 shares* | 18.08<br>16.07 | 5,000 | €17.57 | 855,850 |
| Pacifica | 151,598 shares* | 16.07 | | | 1,723,337 |
| ACM Vie | 903,064 shares* | 16.07 | / | / | 10,265,804 |
| Mr Morrisson | / | / | / | / | 0 |
| Generali Vie | 854,368 shares* | 16.07 | / | / | 9,712,244 |
| Mr Pezet | / | / | / | / | 0 |
| Cardif Assurance Vie | 1,235,808 shares* | 16.07 | / | / | 14,048,356 |
| Ms Robin | / | / | / | / | 0 |
| Sogecap | 601,314 shares* | 16.07 | / | / | 6,835,596 |
| Mr Briand | / | / | / | / | 0 |
| Caisse des Dépôts et Consignations | 628,501 shares* | 16.07 | / | / | 7,144,642 |
| Mr Taverne | / | / | / | / | 0 |
| Ms Saitta | 10 shares | 11.75 | / | / | 10 |
| Mr Luchet | / | / | / | / | 11 |
| Mr Ozanne, Chairman of Covivio Hotels Gestion, General Manager of the company | 2,207 shares*<br>8,230 shares | 16.07<br>12.19 | / | / | 43,139 |

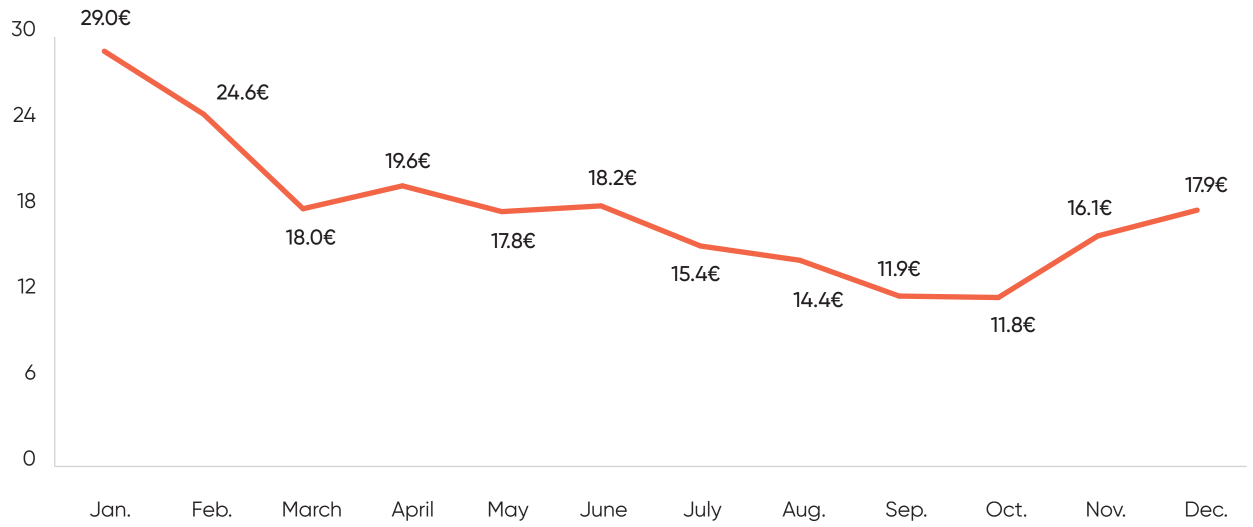
(1) Share loan granted by Predica to Najat Aasqui.
* subscription to the share dividend option.

# 1.8 Stock market and dividend

## 1.8.1 Share price at 31 December 2020

The closing share price for the fiscal year was €17.9, bringing the market capitalisation to €2,366 million at 31 December 2020.

**Performance of the share price of Covivio Hotels in 2020**




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 2020:

| | Low | High | No. of shares traded | Number of trading sessions |
|---|---|---|---|---|
| January 2020 | 28.3 | 30.0 | 52,801 | 22 |
| February 2020 | 24.5 | 29.7 | 197,435 | 20 |
| March 2020 | 16.0 | 26.0 | 180,674 | 21 |
| April 2020 | 17.5 | 20.3 | 77,279 | 20 |
| May 2020 | 16.2 | 20.9 | 105,638 | 20 |
| June 2020 | 17.5 | 22.9 | 191,070 | 22 |
| July 2020 | 14.5 | 18.5 | 81,359 | 23 |
| August 2020 | 14.2 | 16.0 | 49,371 | 21 |
| September 2020 | 11.8 | 14.9 | 75,058 | 22 |
| October 2020 | 11.6 | 13.0 | 321,596 | 22 |
| November 2020 | 11.7 | 16.4 | 298,351 | 21 |
| December 2020 | 15.9 | 19.2 | 124,811 | 22 |

## 1.8.2 Dividend distribution

### 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 |
|---|---|---|---|---|
| 2016 | 74,103,963 | Ordinary dividend: €1.55<br>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 election is made for the income tax scale option | €1.55 or €1.0082 if election is made for the income tax scale option |
| 2020 | 132,547,616 | €0.26* | €0 | €0.26 |

* Dividend proposed to the Combined General Meeting of 8 April 2021.

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 8 April 2021 will accordingly be asked to approve a dividend payment of €0.26 per outstanding share. This dividend represents a total amount of €34,462,380.16, or 87% of EPRA Earnings.

The dividend should be reconciled to:

- EPRA Earnings of €39 million
- EPRA Earnings of €0.30 per share, based on the average number of shares during the fiscal year, which gives a clearer picture of the dividend payout ratio of 87%.

## 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 | |
|---|---|---|
| | 2020 | 2019 |
| Christophe Kullmann | 131,389* | 101,630 |
| Dominique Ozanne | 66,992 | 59,813 |
| Olivier Estève | 79,083 | 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 178 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 has equity investments in a hotel in Dublin, Ireland.

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 owning 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.

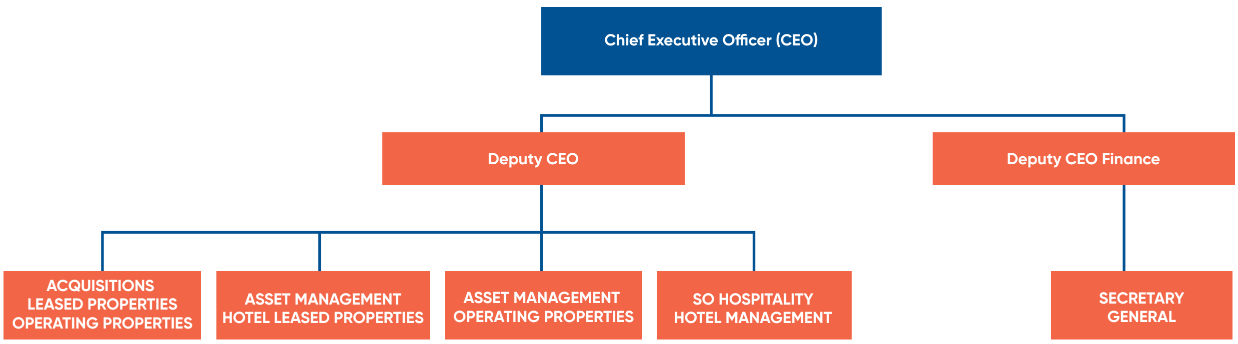
Covivio Hotels holds:

- 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 Samoëns, created in partnership with Assurances du Crédit Mutuel, and used to hold Club Méditerranée Samoëns 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:

- *via* its subsidiary Murdelux, in one Luxembourg company, three Italian companies, three French companies, one Hungarian company and one Czech company as part of the acquisition of eight hotels.

## 1.9.3 Results of subsidiaries and equity 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

At the beginning of 2021, the European hotel business remains severely affected by the consequences of the pandemic but the first effects of the vaccination campaigns now deployed in Europe, and more particularly in the countries in which Covivio Hotels operates, together with the end of travel restrictions, should allow a gradual recovery of the hotel business. Covivio Hotels will be able to rely on the quality and diversity of its let portfolio, operated by leading European and international operators, to bring about long-term growth in its results.

## 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 8 April 2021

Ladies and Gentlemen,

We have convened a Combined General Meeting for the purpose of submitting 27 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 17 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 2020, approved by the General Manager on 9 February 2021, 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 2020 fiscal year in the amount of €168,212,028.29 and to authorise a dividend of €0.26 per share.

The dividend will be paid on 15 April 2021.

Based on the total number of shares outstanding at 31 December 2020, *i.e.* 132,547,616 shares, a total dividend of €34,462,380.16 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 2020. For more information, please refer to the Statutory Auditors' report on related-party agreements in Part 3 of the Universal Registration Document.

No related-party agreement was entered into during the fiscal year ended on 31 December 2020.

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

In application of the provisions of Article L. 22-10-76 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 2020 (Resolution 7)

In application of the provisions of Article L. 22-10-77 I of the French Commercial Code, you are asked, by voting on Resolution 7, to approve the information noted in Article L. 22-10-9 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 2020 (Resolutions 8 and 9)

In application of the provisions of Article L. 22-10-77 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 2020 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 2020 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. Ratification of the co-option of Adriana Saitta as a member of the Supervisory Board (Resolution 10)

Resolution 10 proposes the ratification of the co-option by the Supervisory Board meeting of 15 July 2020 of Ms Adriana Saitta as a member of the Supervisory Board, replacing Patricia Damerval, who has resigned, for the remaining term of the latter's term of office expiring at the end of the Shareholders' Meeting called to approve the financial statements for the fiscal year ended on 31 December 2020.

Adriana Saitta is a Business Administration graduate from Bocconi University and has an MBA from Insead Fontainebleau. She began her career at McKinsey & Company, where she worked for nine years in banking and financial services. During this period, she attended several leading Italian and European Financial Institutions and became a member of the European leadership Group for Banking and Securities Practice. She joined Banca Intesa in 2003, where she first served as Head of Consumers' Banking in the Italian Retail Banking Division and then as Head of Retail Banking in the Foreign Banking Division. She is the founder and Chairwoman of Intesa Sanpaolo Card d.o.o, and sits on several Boards of Directors of Intesa Sanpaolo Group in Eastern Europe. Since 2015, she has been Chief Executive Officer of Intesa Sanpaolo in Paris.

Adriana Saitta brings to the Board all of her financial, banking and international expertise.

The Supervisory Board examined the situation of Adriana Saitta with regard to the rules of the Afep-Medef Code, updated in January 2020, defining the independence criteria for members of the Supervisory Board. She was a director at Beni Stabili, a company consolidated by Covivio and eventually absorbed on 31 December 2018, but has never held any executive position with Covivio Hotels or any of its Group companies or its management. This non-executive role gave her a good knowledge of the Group. She also meets all the other Afep-Medef criteria for independence and the Supervisory Board concluded that Adriana Saitta could be considered as an independent member of the Board.

Adriana Saitta is profiled in Section 4.2.2.1.3 of the Universal Registration Document in the Supervisory Board's report on corporate governance.

## 7. Renewal of the terms of office of members of the Supervisory Board (Resolutions 11 to 16)

The terms of office as member of the Supervisory Board of Christophe Kullmann (Resolution 11), Olivier Estève (Resolution 12), Adriana Saitta (Resolution 13), ACM VIE companies (Resolution 14), SOGECAP (Resolution 15) and Caisse des Dépôts et Consignations (Resolution 16) expire at the end of the Combined General Meeting of 8 April 2021. You will be asked in **Resolutions 11 to 16** to reappoint them for a period of three years expiring at the end of the General Meeting of Shareholders called in 2024 to approve the financial statements for the financial year ended on 31 December 2023.

Subject to the approval of said resolutions:

- ACM VIE will continue to be represented on the Supervisory Board by François Morrisson.
- SOGECAP will continue to be represented on the Supervisory Board by Yann Briand.
- Caisse des Dépôts et Consignations will continue to be represented on the Supervisory Board by Arnaud Taverne.

If all Resolutions 11 to 16 are approved by the Shareholders' Meeting and following the expiry of the term of office of Jean Luchet at this Shareholders' Meeting, the proportion of independent Supervisory Board members would be increased to 23% and the percentage of women will rise to 46%.

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 4.2.2.1.3 of the Supervisory Board's report on corporate governance.

## 8. Authorisation to the General Manager for the company to purchase its own shares (Resolution 17)

In Resolution 17, 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 €35 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 Resolution 20
- the execution of a liquidity contract, it being specified that, in accordance with the law, in the event of acquisition under a liquidity contract, the ceiling of 10% of the share capital is calculated based on the number of shares purchased less the number of shares sold during the term of the authorisation granted by the General Meeting
- any other practice recognised by law or the Autorité des Marchés Financiers or any other objective authorised by law or regulations in force, it being specified that in such a case, the company would inform its shareholders by way of press release.

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 8 April 2021 and would immediately terminate, for the unused portion, the authorisation given by the Combined General Meeting of 7 May 2020.

## 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 19: capital increase through the incorporation of reserves, profits or premiums
- resolution 21: issuance of shares and/or securities granting access to company's equity, maintaining shareholders' preferential right of subscription
- resolution 22: 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 24: 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 25: 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 26: 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 20, 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 23, 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.

## 1. Approval of the amendment of Articles 8 (Form and sale of shares) and 9 (Rights and obligations granted to shares) of the Company's Articles of Association (Resolution 18)

By voting on Resolution 18, we propose the modification of:

- Article 8 of the Company's Articles of Association in order to amend the penalty applicable in the event of non-compliance by a Shareholder Concerned (as this term is defined in the Articles of Association) with their obligation to register all shares in registered form. The penalty would henceforth be that the Shareholder Concerned would lose only those voting rights at General Meeting attached to the unregistered shares and no longer all voting rights for all their shares in the company.
- Article 9 of the Company's Articles of Association in order to update it with the recodification of the provisions of Article L. 225-123, last paragraph of the French Commercial Code, now Article L. 22-10-46 of the Code, under the terms of Order No. 2020-1142 of 16 September 2020 to create, within the French Commercial Code, a division specific to companies whose securities are admitted to trading on a regulated market or on a multilateral trading system.

## 2. 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 19)

Under **Resolution 19**, 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 fifty-three million euros (€53,000,000) (excluding adjustments to protect holders of securities granting access to share capital), representing approximately 10% of 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 21 to 26**.

This delegation would terminate, with immediate effect, for the unused portion, the delegation granted by the Combined General Meeting of 7 May 2020.

## 3. Authorisation to the General Manager to reduce the company's share capital through the cancellation of shares (Resolution 20)

Concurrently with the authorisation given to the company to conduct transactions in its own shares under **Resolution 17**, it is proposed in **Resolution 20** 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 17**, 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 7 May 2020.

## 4. 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 (Resolution 21)

In **Resolution 21**, 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 sixty-five million euros (€265,000,000), representing approximately 50% of 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 19 and 22 to 26**.

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 22 to 25**.

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 8 April 2021 and would immediately terminate, for the unused portion, the delegation granted by the Combined General Meeting of 7 May 2020.

### 5. 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 22)

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 22**, 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. 22-10-51 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 21**.

The maximum nominal amount of the company's equity increases likely to be carried out by the company under this delegation may not exceed fifty-three million euros (€53,000,000), representing approximately 10% of 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 19, 21 and 23 to 26**.

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 8 April 2021 and would immediately terminate, for the unused portion, the delegation granted by the Combined General Meeting of 7 May 2020.

### 6. 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 23)

By voting on **Resolution 23**, 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 of 8 April 2021, and would immediately terminate, for the unused portion, the delegation granted by the Combined General Meeting of 7 May 2020.

## 7. 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 (Resolution 24)

In accordance with the option offered by Articles L. 225-147(6) and L. 22-10-53 of the French Commercial Code, you are asked, under **Resolution 24**, 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. 22-10-54 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 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 19, 21 to 23, 25 and 26**.

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 21**.

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, 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, 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 to the Board of Directors for a period of 26 months with effect from the General Meeting of 8 April 2021 and would immediately terminate, for the unused portion, the delegation granted by the Combined General Meeting of 7 May 2020.

## 8. 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 25)

In **Resolution 25**, you are asked to approve the delegation of authority granted to the General Manager, which may further delegate such authority, to issue shares and/or securities convertible or exchangeable into the company's equity, on one or more occasions, in France or abroad, in the event of a public exchange offer initiated by the company.

You will therefore be requested to expressly waive your shareholder's preferential subscription right to the new shares and/or to securities convertible to equity 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 fifty-three million euros (€53,000,000), representing approximately 10% of 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 19, 21 to 24 and 26**.

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 21**.

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 to the Board of Directors for a period of 26 months with effect from the General Meeting of 8 April 2021 and would immediately terminate, for the unused portion, the delegation granted by the Combined General Meeting of 7 May 2020.

## 9. 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 26)

You will be asked, under **Resolution 26**, 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 capital increase immediately or in the future, resulting from the issuance made pursuant to this delegation of five hundred thousand euros (€500,000), representing approximately 0.10% of 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.

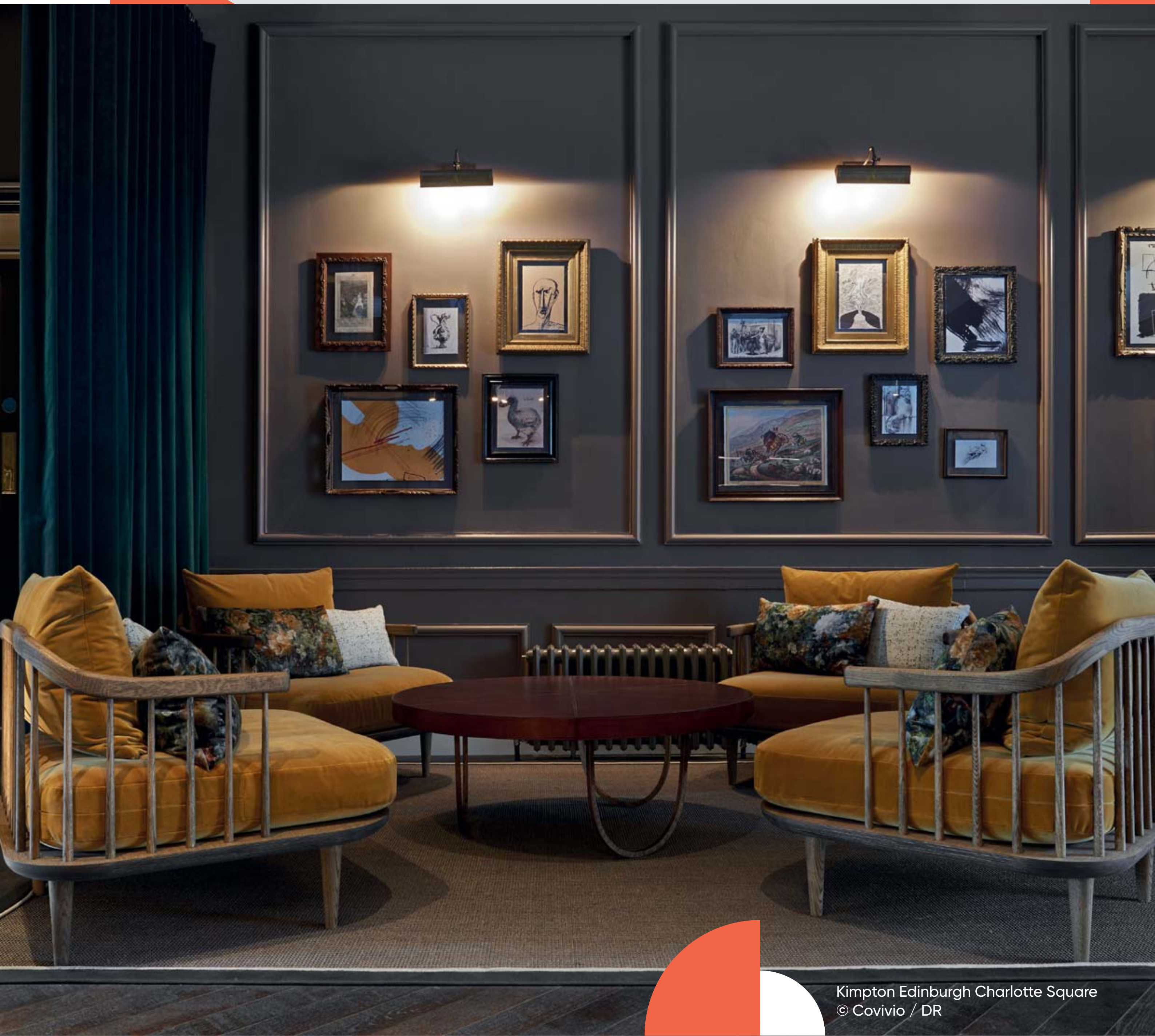
This delegation would be given to the Board of Directors for a period of 26 months with effect from the General Meeting of 8 April 2021 and would immediately terminate, for the unused portion, the delegation granted by the Combined General Meeting of 7 May 2020.

## 10. Powers for formal recording requirements (Resolution 27)

**Resolution 27** 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**



Kimpton Edinburgh Charlotte Square
© Covivio / DR

Covivio Hotels is present in **12** countries in Europe, with a critical size in the main European markets.

# 2

# Sustainable development

The sustainable development strategy of Covivio Hotels is adapted from that of Covivio. 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. As of 31 December 2020, Covivio Hotels had 21 employees (13 women, eight men), all on permanent contracts. All of the Human Resources indicators relating to Covivio Hotels are included in chapter 2.7.2 of the Covivio Universal Registration Document as part of the France UES.

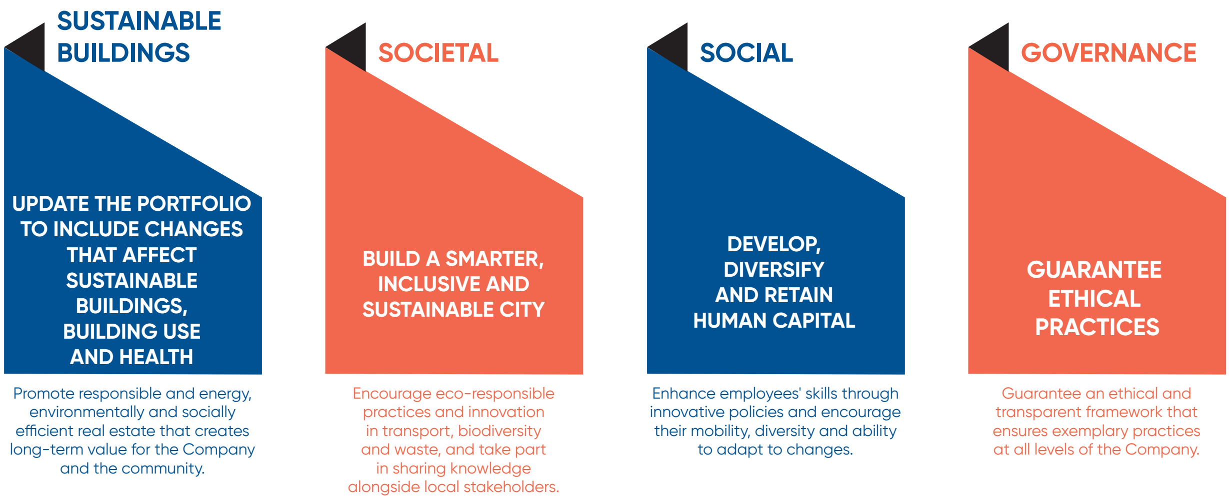
Structured on the basis of the CSR risk mapping study carried out in 2018, Covivio's consolidated Statement of Non-Financial Performance (DPEF) is presented in Chapter 2 of its Universal Registration Document. It describes the risks and opportunities identified, the plan of action and results by business 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:




The Covivio consolidated 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 CO2 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 (SBT) initiative in summer 2018[1]. Over its full European business scope, Covivio has committed to a 34% reduction in greenhouse gas emissions per $m^2$ by 2030 compared with 2010 levels.

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

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 2020, 72.5% of hotels owned by Covivio in Europe were certified (*vs.* 56.8% at end-2019), surpassing the target of 66% for 2020 and on track to meet the target of 100% by end-2025. In 2020, despite the health crisis that paralysed the sector, 100% of the Covivio Hotels portfolio in the United Kingdom was certified BREEAM In-Use. Thanks to the close collaboration with IHG, operator of this portfolio, scores averaged "Very Good" for both Building (Part 1) and Operations (Part 2). 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.

In France, after a ten-year wait, the so-called "tertiary" decree was published in July 2019, pursuant to the ELAN law[(1)]. The tertiary decree requires any building, part of a building or real estate complex of at least 1,000m2 floor area to reduce its energy consumption by 40% by 2030, 50% by 2040 and 60% by 2050. This decree was supplemented by the so-called "method" order of 10 April 2020 and the "absolute values" order of 24 November 2020, published on 17 January 2021, which defines final energy consumption thresholds (for each type of building, geographical area, etc.) to be achieved by 2030. These may be adopted as an alternative to the 40% reduction target. Consumption must be reported annually on the OPERAT platform (Observatoire de la Performance Énergétique, de la Rénovation et des Actions du Tertiaire). Covivio has anticipated these measures and, in particular *via* the related environmental committees, shared with these tenants in order to facilitate the implementation of these new obligations.

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, municipalities, employees, etc.), on new synergies within the group, and on the group's internal drive for innovation on issues such as carbon (refining of new monitoring tools, LCA Express, European LCA specifications to make results more comparable, etc.), resilience and the circular economy, which includes a range of studies and collaborations.

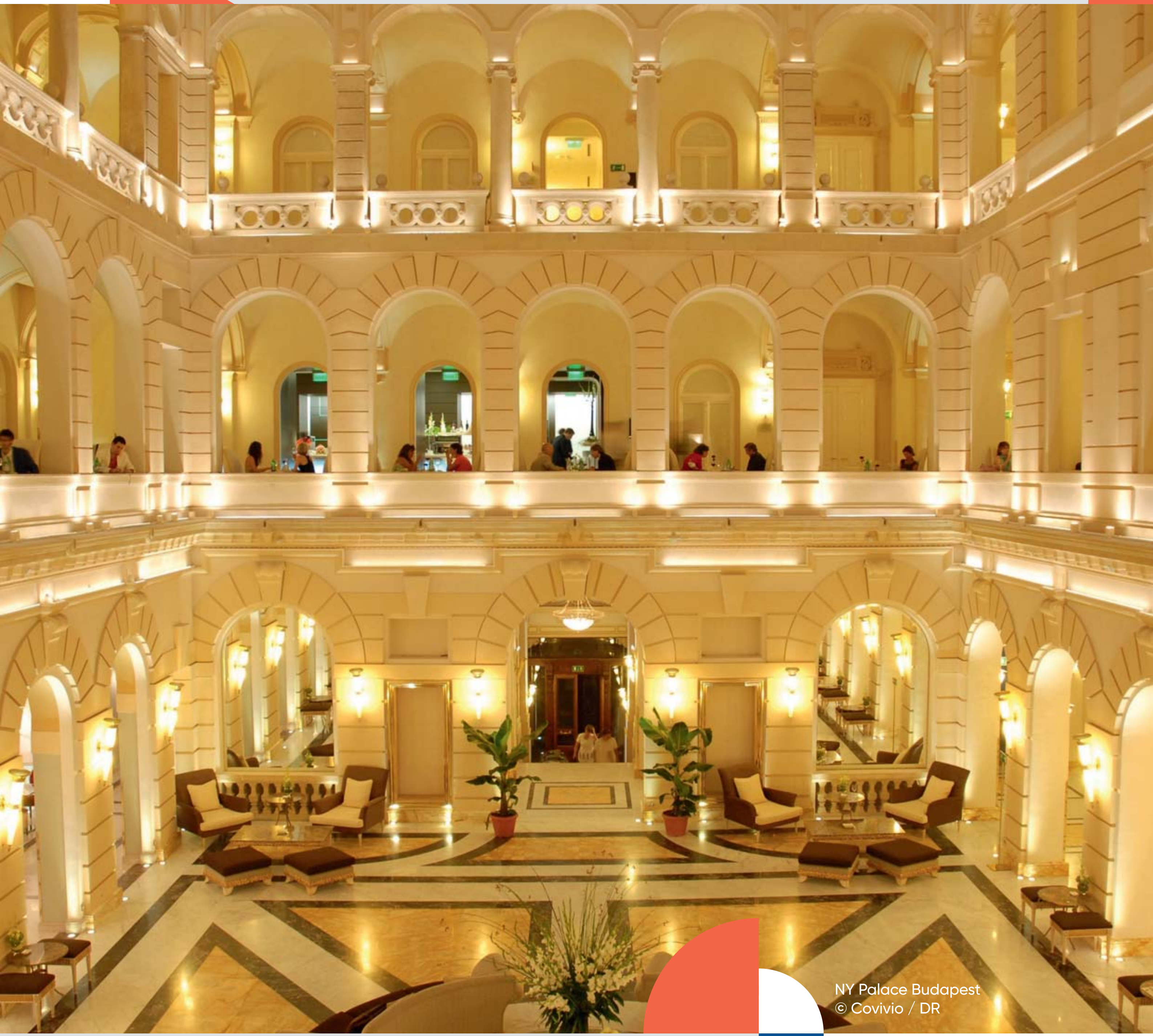
At the end of 2019, Covivio confirmed its purpose: "To build well-being and sustainable relations". The result of a joint project led by the Board of Directors and internal teams, at European level, it is based on quantified objectives with fixed target dates. Covivio thus confirms its ambition to become 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 2020 Universal Registration Document is also contained in its Sustainable Development Annual Report. (www.covivio.eu/fr).



*(1) The law of 23 November 2018 on the evolution of housing, planning and digital technology, or the ÉLAN law.*



NY Palace Budapest
© Covivio / DR

# 75%

of hotels are midscale or upscale.

3

# Consolidated accounts as at 31 December 2020

# 3.1 Consolidated accounts as at 31 December 2020

## 3.1.1 Statement of financial position

**Assets**

| (€K) | Note 3.2.5 | 31/12/2020 | 31/12/2019 |
|---|---|---|---|
| **Intangible assets** | **1.2** | | |
| Goodwill | | 135,086 | 142,355 |
| Other intangible fixed assets | | 195 | 162 |
| **Tangible fixed assets** | **1.2** | | |
| Operating properties | | 1,017,972 | 1,022,570 |
| Other tangible fixed assets | | 24,433 | 23,957 |
| Fixed assets in progress | | 4,088 | 3,066 |
| Investment properties | 1.3 | 5,052,610 | 4,931,824 |
| Non-current financial Assets | 2.2 | 67,297 | 93,050 |
| Investments in equity affiliates | 3.2 | 187,354 | 206,531 |
| Deferred tax assets | 4 | 29,906 | 3,496 |
| Long-term derivative instruments | 12.5 | 34,419 | 12,540 |
| **Total non-current assets** | | **6,553,360** | **6,439,551** |
| Assets held for sale | 1.3 | 50,955 | 132,638 |
| Loans and receivables | 5 | 2,853 | 2,918 |
| Inventories and work-in-progress | 6 | 1,712 | 2,261 |
| Short-term derivative instruments | 12.5 | 5,431 | 4,312 |
| Trade receivables | 7.2 | 28,952 | 21,780 |
| Tax receivables | 8 | 44,108 | 32,729 |
| Other receivables | 8 | 15,736 | 11,014 |
| Prepaid expenses | 9 | 921 | 1,457 |
| Cash and cash equivalents | 10.2 | 101,759 | 164,728 |
| **Total current assets** | | **252,428** | **373,836** |
| **TOTAL ASSETS** | | **6,805,788** | **6,813,387** |

### Liabilities

| (€K) | Note 3.2.5 | 31/12/2020 | 31/12/2019 |
|---|---|---|---|
| Capital | | 530,190 | 484,147 |
| Premiums | | 1,506,183 | 1,371,951 |
| Treasury shares | | -209 | -86 |
| Consolidated reserves | | 1,237,814 | 1,069,696 |
| Net income | | -337,396 | 352,262 |
| **Total shareholders' equity, Group share** | **3.1.4** | **2,936,582** | **3,277,970** |
| Share Non-controlling interests | | 181,130 | 208,163 |
| **Total equity** | **11.2** | **3,117,712** | **3,486,133** |
| Long-term borrowings | 12.2 | 2,681,356 | 2,534,416 |
| Long-term rental liabilities | 12.6 | 236,678 | 227,802 |
| Long-term derivative instruments | 12.5 | 120,195 | 83,147 |
| Deferred tax payables | 4 | 238,080 | 273,543 |
| Retirement commitments and other staff termination benefits | 13.2 | 1,547 | 1,329 |
| Other long-term liabilities | 14 | 6,621 | 4,336 |
| **Total non-current liabilities** | | **3,284,478** | **3,124,574** |
| Trade payables | 14 | 30,079 | 36,088 |
| Trade payables on fixed assets | 14 | 9,425 | 11,649 |
| Short-term borrowings | 12.2 | 228,560 | 49,059 |
| Short-term rental liabilities | 12.6 | 5,639 | 2,652 |
| Short-term derivative instruments | 12.5 | 25,803 | 22,728 |
| Advances and pre-payments received | 14 | 39,624 | 11,689 |
| Short-term provisions | 13.2 | 9,515 | 8,197 |
| Current taxes | 14 | 13,461 | 16,508 |
| Other short-term liabilities | 14 | 35,133 | 21,133 |
| Pre-booked income | 16 | 6,307 | 22,979 |
| **Total current liabilities** | | **403,598** | **202,681** |
| **TOTAL LIABILITIES** | | **6,805,788** | **6,813,387** |

## 3.1.2 Statement of net income

| (€K) | Note 3.2 | 31/12/2020 | 31/12/2019 | Change | % |
|---|---|---|---|---|---|
| Rental income | 6.2.1 | 151,296 | 245,418 | -94,122 | -38.4% |
| Unrecovered rental costs | 6.2.2 | -1,581 | -2,421 | 839 | -34.7% |
| Expenses on properties | 6.2.2 | -2,262 | -2,708 | 446 | -16.5% |
| Net losses on unrecoverable receivables | 6.2.2 | -14,462 | 30 | -14,492 | n.a |
| **Net Rental Income** | | **132,991** | **240,320** | **-107,328** | **-44.7%** |
| Revenues from hotels under management | | 89,353 | 232,313 | -142,960 | -61.5% |
| Operating expenses of hotels under management | | -81,476 | -162,435 | 80,959 | -49.8% |
| **Managed hotel EBITDA** | **6.2.3** | **7,877** | **69,878** | **-62,001** | **-88.7%** |
| Management and administration income | | 2,328 | 2,983 | -655 | -22.0% |
| Business expenses [1] | | -1,278 | -2,044 | 767 | -37.5% |
| Overheads | | -21,877 | -22,472 | 595 | -2.6% |
| **Net cost of operations** | **6.2.4** | **-20,827** | **-21,534** | **706** | **-3.3%** |
| Depreciation of operating assets | 6.2.5 | -42,858 | -42,285 | -573 | 1.4% |
| Net change in provisions and other | 6.2.5 | 4,745 | 10,635 | -5,889 | -55.4% |
| **Operating income** | | **81,928** | **257,014** | **-175,086** | **-68.1%** |
| **Income from asset disposals** | **6.3** | **-1,133** | **27,026** | **-28,159** | **n.a** |
| **Income from value adjustments** | **6.4** | **-327,627** | **244,988** | **-572,615** | **-233.7%** |
| **Income from disposal of securities** | **6.3** | **-92** | **4,101** | **-4,193** | **n.a** |
| **Income from changes in scope** | **6.5** | **-3,802** | **-14,955** | **11,154** | **n.a** |
| **Operating income (loss)** | | **-250,725** | **518,174** | **-768,899** | **-148.4%** |
| Cost of net financial debt [2] | 6.6 | -58,204 | -63,077 | 4,873 | -7.7% |
| Interest charges on rental liabilities | 6.7 | -13,009 | -12,886 | -122 | 0.9% |
| Value adjustment on derivatives | 6.7 | -46,018 | -51,412 | 5,394 | -10.5% |
| Discounting and foreign exchange income [2] | 6.7 | 264 | -496 | 760 | n.a |
| Exceptional depreciation of loan issue costs [2] | 6.7 | -207 | -3,612 | 3,405 | -94.3% |
| Share in income of equity affiliates | 5.3.2 | -13,509 | 20,359 | -33,868 | -166.4% |
| **Net income before tax** | | **-381,409** | **407,049** | **-788,457** | **-193.7%** |
| Deferred tax liabilities | 6.8.2 | 59,557 | -2,219 | 61,776 | n.a |
| Corporate income tax | 6.8.2 | -13,278 | -12,808 | -470 | 3.7% |
| **Net income for the period** | | **-335,129** | **392,022** | **-727,151** | **-185.5%** |
| Net income from non-controlling interests | | -2,267 | -39,760 | 37,492 | n.a |
| **Net income for the period - Group share** | | **-337,396** | **352,262** | **-689,658** | **-195.8%** |
| **Group net income per share (€)** | **7.2** | **-2.64** | **2.93** | | |
| **Group diluted net income per share (€)** | **7.2** | **-2.64** | **2.93** | | |

(1) At 31 December 2019, development expenses, which were not significant in the Group, were presented on a separate line (-€0.6m). These expenses are now presented under Business expenses.

(2) At 31 December 2019, foreign exchange gains and losses were presented under Cost of net financial debt (-€0.5m). They are now presented under Discounting and foreign exchange income. The income statement for 2019 has been amended to include these two presentation changes.

## 3.1.3 Statement of comprehensive income

| (€K) | 31/12/2020 | 31/12/2019 |
|---|---|---|
| **Net income for the period** | **-335,129** | **392,022** |
| Currency transaction gains and losses | -9,577 | 8,289 |
| **Other comprehensive income that can be reclassified to profit or loss** | **-9,577** | **8,289** |
| **Other comprehensive income that cannot be reclassified to profit or loss** | **0** | **0** |
| **Other items of comprehensive income** | **-9,577** | **8,289** |
| **Comprehensive income for the period** | **-344,706** | **400,311** |
| of which attributable to owners of the parent company | -346,973 | 360,551 |
| of which attributable to non-controlling interests | 2,267 | 39,760 |
| **TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD** | **-344,706** | **400,311** |

## 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 | Share Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| **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 | | 0 |
| **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* |
| Change in scope and interest rates | | | | 6,442 | 6,442 | -35,361 | -28,919 |
| **Position at 31/12/2019** | **484,147** | **1,371,951** | **-86** | **1,421,958** | **3,277,970** | **208,163** | **3,486,133** |
| Dividends distribution | | | | -187,596 | -187,596 | -12,554 | -200,150 |
| Capital increase | 46,043 | 134,232 | | 4,604 | 184,879 | -16,746 | 168,133 |
| Other | | | -123 | 123 | 0 | | |
| **Total comprehensive income (loss) for the period** | | | | **-346,973** | **-346,973** | **2,267** | **-344,706** |
| *Of which currency translation gains* | | | | *-9,577* | *-9,577* | | *-9,577* |
| *Of which net income (loss)* | | | | *-337,396* | *-337,396* | *2,267* | *-335,129* |
| Change in scope and interest rates | | | | 8,302 | 8,302 | | 8,302 |
| **Position at 31/12/2020** | **530,190** | **1,506,183** | **-209** | **900,418** | **2,936,582** | **181,130** | **3,117,712** |

3

## 3.1.5 Statement of cash flows

| (€K) | Note 3.2 | 31/12/2020 | 31/12/2019 |
|---|---|---|---|
| **Consolidated net income (including minority interests)** | | **-335,129** | **392,022** |
| Net depreciation, amortization and provisions (excluding those related to current assets) | | 50,773 | 42,095 |
| Unrealised gains and losses relating to changes in fair value | 5.12.5 & 6.4 | 373,647 | -193,575 |
| Income and expenses calculated on stock options and related share-based payments | | -334 | 248 |
| Other calculated income and expenses | 6.6 | -17,023 | 1,701 |
| Gains or losses on disposals | | 1,225 | -31,127 |
| Share of income from companies accounted for under the equity method | 5.3.2 | 13,509 | -20,359 |
| **Cash flow after tax and cost of net financial debt** | | **86,669** | **191,005** |
| Cost of net financial debt and interest charges on rental liabilities | 6.5 & 5.12.6 | 66,012 | 71,664 |
| Income tax expense (including deferred taxes) | 6.7.2 | -46,280 | 15,027 |
| **Cash flow before tax and cost of net financial debt** | | **106,401** | **277,696** |
| Taxes paid | | -21,142 | -10,571 |
| Change in working capital requirements on continuing operations (including employee benefits liabilities) | 5.7.2 | -4,630 | 8,875 |
| **Net cash generated by the business** | | **80,629** | **276,000** |
| Impact of changes in the scope | 3.2 | -59,778 | -215,538 |
| Disbursements related to acquisition of tangible and intangible fixed assets | 5.1.2 | -52,478 | -88,316 |
| Proceeds from the disposal of tangible and intangible fixed assets | 5.1.2 | 152,294 | 453,568 |
| Dividends received (companies accounted for under the equity method, non-consolidated securities) | | 5,668 | 3,837 |
| Change in loans and advances granted | 5.2.2 | 371 | -54,306 |
| Investment grants received | | 1660 | 0 |
| **Net cash flow from investment activities** | | **47,737** | **99,246** |
| Amounts received from shareholders in connection with capital increases: | | | |
| Paid by parent company shareholders | 3.1.4 | -16,746 | -148 |
| Paid by non-controlling interests of consolidated companies | | 0 | -4,194 |
| Purchases and sales of treasury shares | | -177 | 54 |
| Dividends paid during the reporting period: | | | |
| Dividends paid to parent company shareholders | 3.1.4 | -2,717 | -182,985 |
| Dividends paid to non-controlling interests of consolidated companies | 3.1.4 | -12,556 | -57,430 |
| Proceeds related to new borrowings | 5.12.2 | 460,677 | 401,729 |
| Repayments of borrowings (including finance lease agreements) | 5.12.2 | -542,388 | -682,134 |
| Net interest paid (including finance lease agreements) | | -62,053 | -78,245 |
| Other cash flow from financing activities | 5.12.5 | -8,383 | -6,700 |
| **Net cash flow from financing activities** | | **-184,343** | **-610,053** |
| **Impact of changes in the exchange rate** | | **-657** | **535** |
| **Change in net cash** | | **-56,635** | **-234,271** |
| Opening cash position | | 145,936 | 380,208 |
| Closing cash position | | 89,301 | 145,936 |
| **CHANGE IN CASH AND CASH EQUIVALENTS** | | **-56,635** | **-234,271** |

# 3.2 Notes to the consolidated accounts

## 3.2.1 General principles

### 3.2.1.1 Accounting standards

The consolidated accounts of the Covivio Hotels group at 31 December 2020 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 12 February 2021.

#### Accounting principles and methods used

The accounting principles applied to the consolidated accounts as at 31 December 2020 are identical to those used for the consolidated accounts as at 31 December 2019, with the exception of new standards and amendments whose application is mandatory as from 1 January 2020 and which were not applied early by the Group.

The following amendments, which are mandatory as of 1 January 2020, did not have any impact on the Group's consolidated accounts:

- amendments to references to the conceptual framework in IFRS, adopted by the European Union on 29 November 2019
- amendments to IAS 1 and IAS 8 "Definition of materiality", adopted by the European Union on 29 November 2019
- amendments to IFRS 9, IAS 39 and IFRS 7 "Reform of benchmark rates", adopted by the European Union on 15 January 2020.

On 21 April 2021, the European Union adopted an amendment to IFRS 3 entitled "Definition of a business". This amendment aims to clarify the application guide in order to help stakeholders differentiate between a business and a group of assets when applying IFRS 3.

In summary, it emerges that:

- a firm consists of inputs and processes (applied to those inputs) in order to produce outputs. An acquisition of inputs without process acquisition does not meet the definition of a business acquisition and should be treated as an asset acquisition
- Item B12 was amended, adding an item B12D which specifies that a contract acquired is an input and not a process.

The amendment below, optionally applicable to financial years beginning on or after 1 June 2020, had no impact on the Group's consolidated accounts:

- amendments to IFRS 16 "Covid-19 related rent concessions", adopted by the European Union on 9 October 2020. This amendment exempts tenants, and only tenants, from the obligation to determine whether a Covid-19 related rent concession constitutes a modification of their lease. This practical exemption means the tenant recognises such concessions as if the lease was unmodified, and therefore books them against income for the period.

New standards awaiting adoption by the European Union whose application is possible from 1 January 2020, but not anticipated by the Group:

- amendments to IFRS 10 and IAS 28 "Sales or contributions of assets between an investor and its associate or joint venture", published on 11 September 2014
- amendments to IAS 37 "Costs to be taken into account in determining whether a contract is onerous", published on 14 May 2020; the effective date is 1 January 2022 according to the IASB. These amendments standardise practices for identifying and measuring provisions for onerous contracts, in particular for losses on completion recognised on contracts entered into with customers in accordance with IFRS 15.

IFRS standards and amendments published by the IASB but not authorised for fiscal years beginning on or after 1 January 2020:

- IFRS 17 and amendments to "Insurance contracts", published on 18 May 2017 and 25 June 2020; The date of entry into force is 1 January 2023 according to the IASB. 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
- amendments to IFRS 4 "Insurance contracts - temporary exemption to applying IFRS 9", published on 25 June 2020; the effective date is 1 January 2021 according to the IASB
- amendments to IAS 1 "Presentation of financial statements - Classification of liabilities as current and non-current", published on 23 January 2020 and 15 July 2020; the effective date is 1 January 2023 according to the IASB
- amendments to IAS 16 "Tangible fixed assets - Proceeds before intended use", published on 14 May 2020; the effective date is 1 January 2022 according to the IASB
- amendments to IFRS 3 "Update of the reference to the Conceptual Framework", published on 14 May 2020; the effective date is 1 January 2022 according to the IASB
- annual improvements (cycle 2018-2020) "Annual Improvements to IFRS Standards 2018–2020", published 14 May 2020; the effective date is 1 January 2022 according to the IASB
- amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest rate benchmark reform - phase 2", published on 27 August 2020; the effective date is 1 January 2021 according to the IASB. These amendments specify the accounting treatment to be applied when replacing an old benchmark interest rate with a new benchmark in a given contract, as well as the impact of this change on the hedging relationships concerned by the reform. The main benchmark indices used by the Group and affected by the reform are the Euribor and the GBP Libor (respectively replaced by the hybrid Euribor and the SONIA by 2022). Work has begun with the main banking partners on the transition to the new benchmarks. The interest rate hedging instruments affected by the reform are presented in section 3.2.5.12.5. – Derivatives.

### 3.2.1.2 Estimates and judgements

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

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

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

### 3.2.1.3 Operating segments (IFRS 8)

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

### 3.2.1.4 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

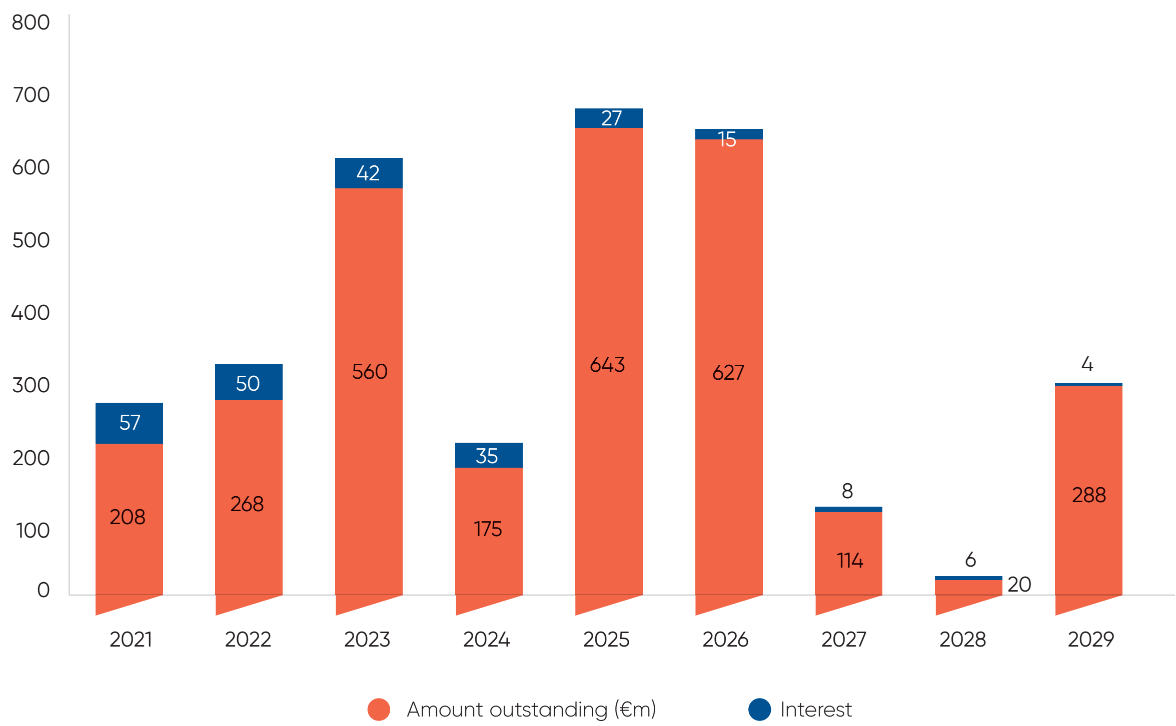
The Group is involved in property development. As such, it is exposed to a number of different risks, particularly risks associated with construction costs, completion delays and the marketing of properties. These risks can be assessed in light of the schedule of assets under development (see § 3.2.5.1.4).

The Hotel Plaza Nice (Roco portfolio) is an asset under development acquired in the third quarter of 2020 with a delivery date of in the second half of 2021.

### 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 2020, Covivio Hotels' available cash and cash equivalents amounted to €348 million, including €217 million in usable unconditional credit lines, €101 million in short-term investments and cash equivalents and €30 million in granted unused overdraft facilities.

The graph below shows the maturities of borrowings (in € million) including interest expenses as at 31 December 2020.




Covivio Hotels Group debt totalled €2,903.6 million as at 31 December 2020 (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 2020 and the average interest rate on debt, totalled €243 million.

Covivio Hotels raised €325 million in medium- and long-term financing, including €250 million in debt to secure the acquisition of a hotel portfolio in Italy, France, Hungary and the Czech Republic (Roco project).

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 2020, after taking interest rate swaps into account, an average of 77.4% of the Group's debt was actively hedged, and the bulk of the remainder was covered by interest rate caps, which resulted in the following sensitivity to changes in interest rates:

- the impact of an increase of 100 BPS on the rates at 31 December 2020 is -€3.9 million on cost of debt Group share for 2021
- the impact of an increase of 50 BPS on the rates at 31 December 2020 is - €1.7 million on the cost of debt Group share for 2021
- the impact of a decrease of 50 BPS on the rates at 31 December 2020 is + €1.6 million on the cost of debt Group share in 2021.

### 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 2020, the amount is -€2,6 million compared to -€1.4 million at 31 December 2019.

### 3.2.2.5 Lease counterparty risk

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

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

Following the pandemic that occurred in 2020, hotel closures and the deterioration in the operational performance of hotels that remained in operation could have resulted in non-payment of rents or delayed payments.

The Group recorded an increase in trade receivables for an amount of €21.4 million, linked to the concession of payment deferrals (€12.8 million). However, given the financial strength of our tenants, only the receivables of two tenants were fully impaired for an amount of €10.7 million. Additional impairments of €3.3m were recorded for deferred payments due in 2021.

### 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.

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

- have long-term leases and high-quality tenants, to soften the impact of a reduction in market rental income and the resulting decline in real estate prices
- are located in major European cities.

The 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, to changes in Accor revenues and to the probable application of major underperformance clauses on the portfolio in the United Kingdom for the hotels concerned.

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

### 3.2.2.7 Exchange rate risk

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

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

| | 31/12/2020 (£m) | 5% decrease in the GBP/EUR exchange rate (€m) | 10% decrease in the GBP/EUR exchange rate (€m) |
|---|---|---|---|
| Portfolio | 708 | -46.7 | -87.9 |
| Debt | 400 | 23.3 | 46.5 |
| Cross currency swap | 250 | 14,5 | 29.1 |
| **SHAREHOLDERS' EQUITY IMPACT** | | **-8.9** | **-12.3** |

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

### 3.2.2.8 Brexit risk

This event may have an impact on property valuations, linked to economic uncertainties, changes in the value of the pound sterling and hotel occupancy.

### 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 § 3.2.5.3.2):

- available-for-sale securities measured at fair value. This fair value is the market price when the securities are traded on a regulated market
- 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

**Covivio Hotels and Foncière Otello tax audit**

Covivio Hotels' financial statements were audited for the 2010/2011, 2012/2013/2014 and 2015 fiscal years, which resulted in a reassessment proposal for the CVAE in the amount of €1.2 million, €1.1 million and €0.2 million respectively.

Foncière Otello's financial statements were audited for the 2011/2012/2013 and 2014/2015/2016 which resulted in a reassessment proposal for the CVAE in the amount of, respectively, €0.5 million and €0.2 million.

These adjustments were the subject of litigation which led to a ruling by the Administrative Court of Appeal in favour of Covivio Hotels and Foncière Otello, which quashed the court's judgment and found against the tax authorities. As the authorities did not appeal against this judgement, for which no provisions had been taken, the cases were definitively closed on 31 December 2020.

**Hotel lease properties tax audit - Belgium**

Two companies in the Sunparks scope were subject to tax audits during the financial years 2017 and 2018. During these years, Foncière Vielsam sold all of these cottages and the long-term lease on the Sunparks complex. Reassessment proposals were received regarding transfer pricing with regard to intra-group interest rates, generating a €1.5 million reduction in tax losses and a corporate tax impact of €78 thousand. These adjustments are disputed and are not provisioned at 31 December 2020.

**Tax audits of Operating properties**

Two German companies (Rock portfolio) were subject to tax audits covering the financial years 2012 to 2015, looking at corporate income tax and VAT, which led to reassessment proposals in respect of the transfer pricing of management fees estimated at around €0.1 million in principal and interest. These adjustments are provisioned at 31 December 2020.

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

#### 3.2.2.10.2 Deferred Tax liabilities

The impact of deferred tax liabilities therefore mainly relates to investments to which the SIIC regime does not apply (Belgium, Czech Republic, Germany, Hungary, Ireland, Italy, Netherlands, Poland, Portugal, Spain, United Kingdom). In the case of Spain, all Spanish companies have opted for the SOCIMI regime exemption. However, there are deferred tax liabilities related to assets held by the companies prior to opting for SOCIMI treatment.

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

## 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 accounts according to the equity method.

#### Partnerships (joint control) – IFRS 11

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

#### Joint ventures

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

The results and the assets and liabilities of joint ventures are recognised in these consolidated accounts 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 Changes in scope

### Acquisition of the Roco portfolio

On 7 September 2020, the Group acquired 100% of the shares in S.à.r.l Rossellini, a company owning eight luxury hotels in Nice, Prague, Budapest, Venice, Rome and Florence for €90.7 million (acquisition costs included).

The Group considered that this was not a business combination in the meaning of revised IFRS 3.

The transaction was recognised as an acquisition of investment properties in accordance with IAS 40.

Acquisition costs are capitalised in the value of the equity securities.

The valuation of the assets acquired and liabilities assumed resulted in the recognition, in the Group's consolidated accounts, of investment properties for an amount of €481.7 million, a property under development for €39.5 million, equipment for €3.3 million, financial debt for an amount of €480 million and other assets net of other liabilities for an amount of €46 million.

| (€K) | Acquisition value |
|---|---|
| Land, Buildings, Equipment | 524,569 |
| Rights-of-use | 19,639 |
| Other non-current assets | 1,677 |
| Current assets | 69,789 |
| Bank liabilities | -301,523 |
| Rental liabilities | -19,639 |
| Shareholder loan | -178,584 |
| Provisions for contingencies | -877 |
| Current liabilities | -24,341 |
| **NAV 100%** | **90,710** |
| Receivable from the seller (price adjustment) | 3,316 |
| **Acquisition price including fees** | **94,026** |
| Advances paid in 2019 | -26,910 |
| Cash and cash equivalents acquired | -6,914 |
| **Cash flow from changes in scope of consolidation** | **60,202** |

The "Impact of changes in the scope of consolidation" line of the cash flow statement (-€59.8 million) mainly includes the outflow of funds related to the acquisition of Rossellini shares (Roco portfolio).

In the absence of a business combination and in accordance with the exception provided for in paragraph 15 of IAS 12 Income Tax, the Group recognised no deferred tax for temporary differences arising on first-time consolidation of the Roco portfolio.

If the acquisition of the Roco portfolio had been classified as a business combination, the Group would have recognised a deferred tax liability of €56.6 million.

Acquired companies are fully consolidated in the Group's financial statements from their acquisition date.

The impact of these acquisitions on the main items in the consolidated statement of financial position is presented in the relevant notes.

### 3.2.3.3 List of consolidated companies

| 178 companies | Country | Business sector | Consolidation method in 2020 | % held in 2020 | % held in 2019 |
|---|---|---|---|---|---|
| **SCA Covivio Hotels** | **France** | **Multi-business** | **Parent company** | **-** | **-** |
| SLIH HIR | France | Operating properties | FC | 100.00 | - |
| SLIH HG | France | Operating properties | FC | 100.00 | - |
| SLIH HDB | France | Operating properties | FC | 100.00 | - |
| SLIH GHB | France | Operating properties | FC | 100.00 | - |
| SLIH CP | France | Operating properties | FC | 100.00 | - |
| SLIH AD | France | Operating properties | FC | 100.00 | - |
| Ingrid Hotels SpA (Roco Italy) | Italy | Hotels | FC | 100.00 | - |
| Ingrid Holdco Srl (Roco Italy) | Italy | Hotels | FC | 100.00 | - |
| Anitah Srl (Roco Italy) | Italy | Hotels | FC | 100.00 | - |
| Dei Dogi Venice Propco Srl (Roco Italy) | Italy | Hotels | FC | 100.00 | - |
| Bellini Venice Propco Srl (Roco Italy) | Italy | Hotels | FC | 100.00 | - |
| Palazzo Gaddi Florence Propco Srl (Roco Italy) | Italy | Hotels | FC | 100.00 | - |
| Palazzo Naiadi Rome Propco Srl (Roco Italy) | Italy | Hotels | FC | 100.00 | - |
| Société nouvelle de l'hôtel Plaza Sas (opco Nice) (Roco France) | France | Hotels | FC | 100.00 | - |
| Ste Immobilière Verdun Sas (Roco France) | France | Hotels | FC | 100.00 | - |
| Ingrid France Sarl (Roco France) | France | Hotels | FC | 100.00 | - |
| New York Palace PropCo Ltd (Roco Hungary) | Hungary | Hotels | FC | 100.00 | - |
| SC Czech AAD, sro (Roco Czech Republic) | Czech Rep. | Hotels | FC | 100.00 | - |
| Rossellini S.a.rl (Roco Luxembourg) | Luxembourg | Hotels | FC | 100.00 | - |
| Honeypool (Hilton Dublin holding company) | Ireland | Operating properties | FC | 100.00 | 100.00 |
| Thommont Ltd (Propco Hilton dublin) | Ireland | Operating properties | FC | 100.00 | 100.00 |
| Kilmainham Property Holdings (Hilton Dublin) | Ireland | Operating properties | FC | 100.00 | 100.00 |
| Sardobal Investment (B&B Poland) | Poland | Hotels | FC | 100.00 | 100.00 |
| Redewen Investment (B&B Poland) | Poland | Hotels | FC | 100.00 | 100.00 |
| Noxwood Investment (B&B Poland) | Poland | Hotels | FC | 100.00 | 100.00 |
| Cerstook Investment (B&B Poland) | Poland | Hotels | FC | 100.00 | 100.00 |
| Forsmint Investment (B&B Poland) | Poland | Hotels | FC | 100.00 | 100.00 |
| Ruhl Côte d'Azur | France | Operating properties | FC | 100.00 | 100.00 |
| Dresden Dev SARL | Germany | Operating properties | FC | 94.90 | 94.90 |
| Delta Hotel Amersfoort BV | Netherlands | Hotels | FC | 100.00 | 100.00 |
| Oxford Spires Hotel Ltd (Rocky transaction) | United Kingdom | Hotels | FC | 100.00 | 100.00 |
| Oxford Thames Limited (Rocky transaction) | United Kingdom | Hotels | FC | 100.00 | 100.00 |
| SAS Samoëns | France | Hotels | FC | 50.10 | 50.10 |
| Blythswood Square Hotel Glasgow Holdco Ltd (Rocky transaction) | United Kingdom | Hotels | FC | 100.00 | 100.00 |
| George Hotel Investments Holdco Ltd (Rocky transaction) | United Kingdom | Hotels | FC | 100.00 | 100.00 |
| Grand Central Hotel Company Holdco Ltd (Rocky operation) | United Kingdom | Hotels | FC | 100.00 | 100.00 |
| Lagonda Leeds Holdco Ltd (Rocky operation) | United Kingdom | Hotels | FC | 100.00 | 100.00 |
| Lagonda Palace Holdco Ltd (Rocky operation) | United Kingdom | Hotels | FC | 100.00 | 100.00 |
| Lagonda Russel Holdco Ltd (Rocky operation) | United Kingdom | Hotels | FC | 100.00 | 100.00 |
| Lagonda York Holdco Ltd (Rocky operation) | United Kingdom | Hotels | FC | 100.00 | 100.00 |
| Oxford Spires Hôtel Holdco Ltd (Rocky operation) | United Kingdom | Hotels | FC | 100.00 | 100.00 |
| Oxford Thames Holdco Ltd (Rocky operation) | United Kingdom | Hotels | FC | 100.00 | 100,00 |
| Roxburghe Investments Holdco Ltd (Rocky operation) | United Kingdom | Hotels | FC | 100.00 | 100.00 |
| The St David's Hotel Cardiff Holdco Ltd (Rocky operation) | United Kingdom | Hotels | FC | 100.00 | 100.00 |
| Wotton House Properties Holdco Ltd (Rocky operation) | United Kingdom | Hotels | FC | 100.00 | 100.00 |
| Blythswood Square Hotel Glasgow Ltd (Rocky - Propco operation) | United Kingdom | Hotels | FC | 100.00 | 100.00 |

| 178 companies | Country | Business sector | Consolidation method in 2020 | % held in 2020 | % held in 2019 |
|---|---|---|---|---|---|
| George Hotel Investments Ltd (Rocky – Propco operation) | United Kingdom | Hotels | FC | 100.00 | 100.00 |
| Grand Central Hotel Company Ltd (Rocky – Propco operation) | United Kingdom | Hotels | FC | 100.00 | 100.00 |
| Lagonda Leeds PropCo Ltd (Rocky – Propco operation) | United Kingdom | Hotels | FC | 100.00 | 100.00 |
| Lagonda Palace PropCo Ltd (Rocky – Propco operation) | United Kingdom | Hotels | FC | 100.00 | 100.00 |
| Lagonda Russell PropCo Ltd (Rocky – Propco operation) | United Kingdom | Hotels | FC | 100.00 | 100.00 |
| Lagonda York PropCo Ltd (Rocky – Propco operation) | United Kingdom | Hotels | FC | 100.00 | 100.00 |
| Roxburghe Investments Propco Ltd (Rocky – Propco operation) | United Kingdom | Hotels | FC | 100.00 | 100.00 |
| The St David's Hotel Cardiff Ltd (Rocky – Propco operation) | United Kingdom | Hotels | FC | 100.00 | 100.00 |
| Wotton House Properties Ltd (Rocky – Propco operation) | United Kingdom | Hotels | FC | 100.00 | 100.00 |
| HEM Diestelkade Amsterdam BV (LHI 2 transaction) | Netherlands | Hotels | FC | 100.00 | 100.00 |
| Rock Lux opco | Luxembourg | Operating properties | FC | 100.00 | 100.00 |
| Constance | France | Operating properties | FC | 100.00 | 100.00 |
| Constance Lux 1 | Luxembourg | Operating properties | FC | 100.00 | 100.00 |
| Constance Lux 2 | Luxembourg | Operating properties | FC | 100.00 | 100.00 |
| So Hospitality | Luxembourg | Operating properties | FC | 100.00 | 100.00 |
| Nice-M | France | Operating properties | FC | 100.00 | 100.00 |
| Hermitage Holdco | France | Operating properties | FC | 100.00 | 100.00 |
| Rock-Lux | Luxembourg | Operating properties | FC | 100.00 | 100.00 |
| SLIH – Société Lilloise Investissement Immobilier Hôtelier SA | France | Operating properties | FC | 100.00 | 100.00 |
| Airport Garden Hotel NV | Belgium | Operating properties | FC | 100.00 | 100.00 |
| Berlin I (propco Westin Grand Berlin) – Rock | Germany | Operating properties | FC | 94.90 | 94.90 |
| Opco Grand Hôtel Berlin Betriebs (Westin Berlin) – Rock | Germany | Operating properties | FC | 94.90 | 94.90 |
| Berlin II (Propco Park Inn Alexanderplatz) – Rock | Germany | Operating properties | FC | 94.90 | 94.90 |
| Opco Hotel Stadt Berlin Betriebs (Park-Inn) – Rock | Germany | Operating properties | FC | 94.90 | 94.90 |
| Berlin III (Propco Mercure Potsdam) – Rock | Germany | Operating properties | FC | 94.90 | 94.90 |
| Opco Hotel Potsdam Betriebs (Mercure Potsdam) – Rock | Germany | Operating properties | FC | 94.90 | 94.90 |
| Dresden II (Propco Ibis Hotel Dresden) – Rock | Germany | Operating properties | FC | 94.90 | 94.90 |
| Dresden III (propco Ibis Hotel Dresden) – Rock | Germany | Operating properties | FC | 94.90 | 94.90 |
| Dresden IV (propco Ibis Hotel Dresden) – Rock | Germany | Operating properties | FC | 94.90 | 94.90 |
| Opco BKL Hotelbetriebsgesellschaft (Dresden II to IV) – Rock | Germany | Operating properties | FC | 94.90 | 94.90 |
| Dresden V (propco Pullman Newa Dresden) – Rock | Germany | Operating properties | FC | 94.90 | 94.90 |
| Opco Hotel Newa Dresden Betriebs (Pullman) – Rock | Germany | Operating properties | FC | 94.90 | 94.90 |
| Leipzig I (propco Westin Leipzig) – Rock | Germany | Operating properties | FC | 94.90 | 94.90 |
| Opco HotelgesellschaftGerberst. Betriebs (Westin Leipzig) - Rock | Germany | Operating properties | FC | 94.90 | 94.90 |
| Leipzig II (Propco Radisson Blu Leipzig) – Rock | Germany | Operating properties | FC | 94.90 | 94.90 |
| Opco Hotel Deutschland Leipzig Betriebs (Radisson Blu) – Rock | Germany | Operating properties | FC | 94.90 | 94.90 |
| Erfurt I (propco Radisson Blu Erfurt) – Rock | Germany | Operating properties | FC | 94.90 | 94.90 |
| Opco Hotel Kosmos Erfurt (Radisson Blu) – Rock | Germany | Operating properties | FC | 94.90 | 94.90 |
| LHM Holding Lux SARL | Germany | Hotels | FC | 100.00 | 100.00 |
| LHM ProCo Lux SARL | Germany | Hotels | FC | 90.00 | 90.00 |
| SCI Rosace | France | Operating properties | FC | 100.00 | 100.00 |
| Mo First Five | Germany | Hotels | FC | 84.60 | 84.60 |
| FDM M Lux | Luxembourg | Operating properties | FC | 100.00 | 100.00 |
| OPCO Rosace | France | Operating properties | FC | 100.00 | 100.00 |
| Exco Hôtel | Belgium | Operating properties | FC | 100.00 | 100.00 |
| Invest Hôtel | Belgium | Operating properties | FC | 100.00 | 100.00 |
| SCI Hôtel Porte Dorée | France | Hotels | FC | 100.00 | 100.00 |

| Company | Country | Business sector | Consolidation method in 2020 | % held in 2020 | % held in 2019 |
|---|---|---|---|---|---|
| FDM Rocatiera | Spain | Hotels | FC | 100.00 | 100.00 |
| Bardiomar | Spain | Hotels | FC | 100.00 | 100.00 |
| Trade Center Hotel | Spain | Hotels | FC | 100.00 | 100.00 |
| H Invest Lux | Luxembourg | Hotels | FC | 100.00 | 100.00 |
| H Invest Lux 2 | Luxembourg | Hotels | FC | 100.00 | 100.00 |
| Hôtel Amsterdam Noord | Netherlands | Hotels | FC | 100.00 | 100.00 |
| Hôtel Amersfoort | Netherlands | Hotels | FC | 100.00 | 100.00 |
| Foncière B4 Hôtel Invest | France | Hotels | FC | 50.20 | 50.20 |
| B&B Invest Espagne SLU | Spain | Hotels | FC | 100.00 | 100.00 |
| SARL Loire | France | Hotels | FC | 100.00 | 100.00 |
| Foncière Otello | France | Hotels | FC | 100.00 | 100.00 |
| SNC Hôtel René Clair | France | Hotels | FC | 100.00 | 100.00 |
| Foncière Manon | France | Hotels | FC | 100.00 | 100.00 |
| Foncière Ulysse | France | Hotels | FC | 100.00 | 100.00 |
| Ulysse Belgique | Belgium | Hotels | FC | 100.00 | 100.00 |
| Ulysse Trefonds | Belgium | Hotels | FC | 100.00 | 100.00 |
| Foncière No Bruxelles Grand Place | Belgium | Hotels | FC | 100.00 | 100.00 |
| Foncière No Bruxelles Aéroport | Belgium | Hotels | FC | 100.00 | 100.00 |
| Foncière No Bruges Centre | Belgium | Hotels | FC | 100.00 | 100.00 |
| Foncière Gand Centre | Belgium | Hotels | FC | 100.00 | 100.00 |
| Foncière Gand Opéra | Belgium | Hotels | FC | 100.00 | 100.00 |
| Foncière IB Bruxelles Grand-Place | Belgium | Hotels | FC | 100.00 | 100.00 |
| Foncière IB Bruxelles Aéroport | Belgium | Hotels | FC | 100.00 | 100.00 |
| Foncière IB Bruges Centre | Belgium | Hotels | FC | 100.00 | 100.00 |
| Foncière Antwerp Centre | Belgium | Hotels | FC | 100.00 | 100.00 |
| Foncière Bruxelles Expo Atomium | Belgium | Hotels | FC | 100.00 | 100.00 |
| Murdelux SARL | Luxembourg | Hotels | FC | 100.00 | 100.00 |
| Portmurs | Portugal | Hotels | FC | 100.00 | 100.00 |
| Sunparks Oostduinkerke | Belgium | Hotels | FC | 100.00 | 100.00 |
| Foncière Vielsam | Belgium | Hotels | FC | 100.00 | 100.00 |
| Sunparks Trefonds | Belgium | Hotels | FC | 100.00 | 100.00 |
| Foncière Kempense Meren | Belgium | Hotels | FC | 100.00 | 100.00 |
| FDM Gestion Immobilière | France | Hotels | FC | 100.00 | 100.00 |
| B&B Invest Lux 1 | Germany | Hotels | FC | 100.00 | 100.00 |
| B&B Invest Lux 2 | Germany | Hotels | FC | 100.00 | 100.00 |
| B&B Invest Lux 3 | Germany | Hotels | FC | 100.00 | 100.00 |
| Foncière B2 Hôtel Invest | France | Hotels | FC | 50.20 | 50.20 |
| OPCI B2 Hôtel Invest | France | Hotels | FC | 50.20 | 50.20 |
| Foncière B3 Hôtel Invest | France | Hotels | FC | 50.20 | 50.20 |
| B&B Invest Lux 4 | Germany | Hotels | FC | 100.00 | 100.00 |
| NH Amsterdam Center Hotel HLD | Netherlands | Hotels | FC | 100.00 | 100.00 |
| Stadhouderskade Amsterdam BV | Netherlands | Hotels | FC | 100.00 | 100.00 |
| Mo Lux 1 SARL | Germany | Hotels | FC | 100.00 | 100.00 |
| Mo Dreilinden, Niederrad | Germany | Hotels | FC | 94.00 | 94.00 |
| Mo Berlin et Koln | Germany | Hotels | FC | 94.00 | 94.00 |
| Ringer | Germany | Hotels | FC | 100.00 | 100.00 |
| B&B Invest Lux 5 | Germany | Hotels | FC | 93.00 | 93.00 |
| B&B Invest Lux 6 | Germany | Hotels | FC | 93.00 | 93.00 |

| Company | Country | Business sector | Consolidation method in 2020 | % held in 2020 | % held in 2019 |
|---|---|---|---|---|---|
| Iris Holding France | France | Hotels | EM/EA | 19.90 | 19.90 |
| OPCI Iris Invest 2010 | France | Hotels | EM/EA | 19.90 | 19.90 |
| Foncière Iris SAS | France | Hotels | EM/EA | 19.90 | 19.90 |
| Sables d'Olonne SAS | France | Hotels | EM/EA | 19.90 | 19.90 |
| Iris investor Holding GmbH | Germany | Hotels | EM/EA | 19.90 | 19.90 |
| Iris General Partner GmbH | Germany | Hotels | EM/EA | 10.00 | 10.00 |
| Iris Berlin GmbH | Germany | Hotels | EM/EA | 19.90 | 19.90 |
| Iris Bochum & Essen GmbH | Germany | Hotels | EM/EA | 19.90 | 19.90 |
| Iris Frankfurt GmbH | Germany | Hotels | EM/EA | 19.90 | 19.90 |
| Iris Verwaltungs GmbH & co KG | Germany | Hotels | EM/EA | 18.90 | 18.90 |
| Iris Nurnberg GmbH | Germany | Hotels | EM/EA | 19.90 | 19.90 |
| Iris Stuttgart GmbH | Germany | Hotels | EM/EA | 19.90 | 19.90 |
| Narcisse Holding Belgique | Belgium | Hotels | EM/EA | 19.90 | 19.90 |
| Foncière Bruxelles Tour Noire | Belgium | Hotels | EM/EA | 19.90 | 19.90 |
| Foncière Louvain | Belgium | Hotels | EM/EA | 19.90 | 19.90 |
| Foncière Malines | Belgium | Hotels | EM/EA | 19.90 | 19.90 |
| Foncière Bruxelles Centre Gare | Belgium | Hotels | EM/EA | 19.90 | 19.90 |
| Foncière Namur | Belgium | Hotels | EM/EA | 19.90 | 19.90 |
| Tulipe Holding Belgique | Belgium | Hotels | EM/EA | 19.90 | 19.90 |
| Iris Tréfonds | Belgium | Hotels | EM/EA | 19.90 | 19.90 |
| Foncière Louvain Centre | Belgium | Hotels | EM/EA | 19.90 | 19.90 |
| Foncière Liège | Belgium | Hotels | EM/EA | 19.90 | 19.90 |
| Foncière Bruxelles Aéroport | Belgium | Hotels | EM/EA | 19.90 | 19.90 |
| Foncière Bruxelles Sud | Belgium | Hotels | EM/EA | 19.90 | 19.90 |
| Foncière Bruge Station | Belgium | Hotels | EM/EA | 19.90 | 19.90 |
| OPCI Camp Invest | France | Hotels | EM/EA | 19.90 | 19.90 |
| SAS Campeli | France | Hotels | EM/EA | 19.90 | 19.90 |
| SCI Dahlia | France | Hotels | EM/EA | 20.00 | 20.00 |
| Jouron (Phoenix Belgium) | Belgium | Hotels | EM/EA | 33.33 | 33.33 |
| Foncière Bruxelles Sainte Catherine (Phoenix) | Belgium | Hotels | EM/EA | 33.33 | 33.33 |
| Foncière Gand Cathedrale (Phoenix) | Belgium | Hotels | EM/EA | 33.33 | 33.33 |
| Foncière IGK (Phoenix) | Belgium | Hotels | EM/EA | 33.33 | 33.33 |
| Kombon SAS (Phoenix) | France | Hotels | EM/EA | 33.33 | 33.33 |
| OPCI Otelli (Phoenix) | France | Hotels | EM/EA | 31.15 | 31.15 |
| CBI Orient (Phoenix) | France | Hotels | EM/EA | 31.15 | 31.15 |
| CBI Express (Phoenix) | France | Hotels | EM/EA | 31.15 | 31.15 |
| Alliance et Compagnie SAS | France | Operating properties | merged | - | 100.00 |
| Roxburghe Investments Lux SARL (Rocky operation) | Luxembourg | Hotels | liquidation | - | 100.00 |
| Grand Principal Birmingham Ltd (Rocky – Holdco operation) | United Kingdom | Hotels | dissolution | - | 100.00 |

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

There are 178 companies in the Covivio Hotels Group, including 142 fully consolidated companies and 36 equity affiliates.

#### 3.2.3.4 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 2020, is fully consolidated.

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

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

**SAS Samoëns (consolidated structured entity)**

SAS Samoëns is owned at 50.10% by Covivio Hotels as of 31 December 2020 and 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 of the period

Significant events during the period were as follows:

### 3.2.4.1 Covid-19 epidemic

At the peak of the crisis in April the majority (78%) of hotels in Europe were closed. They gradually reopened since the beginning of June.

The impact of the Covid-19 pandemic on the rental income and EBITDA of hotels was as follows:

- the €94.1 million fall in rental income is mainly due to a €41 million decrease in Accor variable rents and a €42.8 million fall in rents on the portfolio in the United Kingdom, where the major underperformance clause was triggered and, management decided not to recognise any rental income over the period
- rent-free periods were granted during hotel lockdowns for an amount of €14.5 million in exchange for longer lease terms (average residual duration of 12 years). This had an impact of -€0.8 million on rental income at 31 December 2020. In accordance with IFRS 16, these are contract modifications, which are spread over the residual term of the leases
- rent waivers amounting to €7.5 million were negotiated with certain operators in fiscal year 2020. These operators have undertaken to pay us back as soon as the business resumes
- rent receivables were written down for -€15 million given the uncertainty over the collectability of several receivables in Spain and France (retail)
- the €62 million decrease in income from hotels under management is mainly due to the closure or very low activity of all the hotels in the portfolio in 2020
- it should be noted that the hotels under management benefited from government aid and short-time working arrangements amounting to €14 million.

The decrease in the value of hotels was -€327.7 million at 31 December 2020. Half of this is explained by a revenues effect, mainly related to lower future cash flows on assets until the end of 2023, whose revenues is correlated with the performance of hotels: Accor (variable rent based on revenues), United Kingdom (contractual rent adjustment clause) and the operating properties business (EBITDA). The other half was an interest rate effect linked to the average 25 BPS increase in the discount rate across the entire hotel portfolio, including +80 BPS to +125 BPS for assets located in the United Kingdom.

At 31 December 2020, impairment tests on the operating properties assets gave rise to writedowns of the goodwill on several assets (three in Germany and one in France) for a total of -€7.3 million.

### 3.2.4.2 Acquisitions

The Covivio Hotels group acquired a portfolio of eight hotels in Italy, the Czech Republic, Hungary and France for €524.5 million (see 3.2.3.2).

### 3.2.4.3 Assets under development

The B&B Bagnolet asset was delivered in the third quarter of 2020.

With the acquisition of the Roco portfolio on 7 September 2020, a new asset, the Nice Plaza hotel, is being developed and its delivery is scheduled for the second half of 2021 (see 3.2.5.1.4). It was valued at €50.9 million as of 31 December 2020.

### 3.2.4.4 Asset disposals

**Disposals of "Leased property" assets**

During 2020, the Covivio Hotels group sold assets for a value of €153 million, in line with the value of the sales agreements signed in 2019 (see 3.2.6.3).

These disposals relate to a portfolio of 11 B&B assets in Germany for €115 million, four B&B hotels in France for €5 million, six Jardiland assets for €33 million and a Courtepaille asset for €1 million.

### 3.2.4.5 Disposal agreements

At 31 December 2020, sales agreements amounted to €51 million, including five Jardiland centres for €13.9 million, five Courtepaille restaurants for €5.4 million, an Ibis hotel in Aubervilliers for €12.6 million and the hotel Playa Capricho in Spain for €19 million.

### 3.2.4.6 Debt financing and refinancing

During fiscal year 2020, Covivio Hotels set up two bank loans for the refinancing of the Rock portfolio, for €258 million and repaid €250 million of credit lines.

The company also set up two additional credit lines for €250 million as part of the Roco portfolio acquisition. These new lines were drawn down for €175 million at 31 December 2020.

## 3.2.5 Notes to the statement of financial position

### 3.2.5.1 Portfolio

#### 3.2.5.1.1 Accounting policies for intangible assets and property, plant and equipment

**Business combinations (IFRS 3) and goodwill from acquisitions**

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

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

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

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

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

At 31 December 2020, impairment tests gave rise to the writedown of goodwill of four hotels (€7.3 million) in Dresden for €2.2 million, in Erfurt for € 1.1 million, in Leipzig for €2.5 million and in Nice for €1.5 million.

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

Costs of an acquisition classified as a business combination are recognised in expenses in accordance with IFRS 3 under "Income from changes in scope" in the income statement, while acquisition costs not classified as a business combination are booked as part of the asset value of the acquired assets.

**Investment properties (IAS 40)**

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

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

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, MKG, 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 cross-checked with the initial rate of return, monetary values per m2 of comparable transactions and transactions carried out by the Group.

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

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

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

The Covid-19 crisis created uncertainty in the estimates used for appraisal values. These estimates include assumptions about the resumption of activity (reopening of hotels and gradual resumption of footfall, etc.) which may prove to be wrong.

Without casting doubt on the reliability of the valuations, the appraisers have noted a "material valuation uncertainty" in accordance with the VPS 3 and VPGA 10 standards of the RICS Global Red Book. This guidance is intended to provide clarity and transparency on the fact that, in the current circumstances, there is less certainty about the valuation than would be the case in normal periods.

**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.

3

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 and 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) | 31/12/2019 | Change in scope and rate | Increases/ Charges | Disposals | Change in fair value | Transfers | Change in exchange rate | Change in accounting method | 31/12/2020 |
|---|---|---|---|---|---|---|---|---|---|
| **Intangible fixed assets** | **142,517** | **0** | **-7,236** | **0** | **0** | **0** | **0** | **0** | **135,281** |
| Goodwill | 142,355 | 0 | -7,269 | 0 | 0 | 0 | 0 | 0 | 135,086 |
| Other intangible fixed assets | 162 | 0 | 33 | 0 | 0 | 0 | 0 | 0 | 195 |
| Gross amounts | 2,077 | 0 | 115 | -27 | 0 | 0 | -0 | 0 | 2,165 |
| Depreciation | -1,915 | 0 | -82 | 27 | 0 | 0 | 0 | 0 | -1,970 |
| **Tangible fixed assets** | **1,049,593** | **19,058** | **-13,319** | **-1,537** | **0** | **-10** | **-1** | **-7,291** | **1,046,493** |
| Operating properties | 1,022,570 | 15,691 | -18,842 | -1,530 | 0 | 7,374 | 0 | -7,291 | 1,017,972 |
| Gross amounts | 1,273,659 | 15,690 | 17,000 | -3,302 | 0 | 6,464 | 0 | -6,755 | 1,302,756 |
| Depreciation | -251,089 | 1 | -35,842 | 1,772 | 0 | 910 | -0 | -536 | -284,784 |
| Other tangible fixed assets | 23,957 | 3,137 | -4,730 | -6 | 0 | 2,075 | 0 | 0 | 24,433 |
| Gross amounts | 141,234 | 3,139 | 2,204 | -645 | 0 | 2,081 | 0 | 0 | 148,013 |
| Depreciation | -117,277 | -2 | -6,934 | 639 | 0 | -6 | 0 | 0 | -123,580 |
| Fixed assets in progress | 3,066 | 230 | 10,253 | -1 | 0 | -9,459 | -1 | 0 | 4,088 |
| **Investment properties** | **4,931,824** | **540,502** | **42,614** | **-33,558** | **-327,186** | **-38,780** | **-62,806** | **0** | **5,052,610** |
| Investment properties | 4,921,894 | 500,991 | 35,378 | -33,558 | -332,023 | -28,180 | -62,806 | 0 | 5,001,696 |
| Properties under development | 9,930 | 39,511 | 7,236 | 0 | 4,837 | -10,600 | 0 | 0 | 50,914 |
| **Assets held for sale** | **132,638** | **0** | **0** | **-120,032** | **-441** | **38,790** | **0** | **0** | **50,955** |
| **TOTAL** | **6,256,573** | **559,560** | **22,059** | **-155,127** | **-327,627** | **0** | **-62,807** | **-7,291** | **6,285,339** |

#### Intangible fixed assets

Goodwill for hotels in the operating properties business amounted to €135.0 million and decreased by €7.3 million following impairment tests on three hotels in Germany and one in France.

At 31 December 2020, goodwill sensitivity tests were carried out. A decrease of 2.5% in appraisal values would result in additional impairment of €3.5 million and a decrease of 5% in values would result in additional impairment of €7.8 million.

#### Tangible fixed assets

The assets of the hotels held as operating properties totalled €1,046.5 million at 31 December 2020. 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 change in scope column (+ €19.1 million) corresponds to the reallocation of the purchase price of the Nice Méridien, acquired in 2019 for €15.7 million, and acquisition of equipment and machines at the Plaza Nice hotel for €3.1 million (Roco portfolio).

The column for increases and depreciation of tangible fixed assets (-€13.3 million) mainly includes:

- the purchase of land adjacent to the Park-Inn Alexanderplatz hotel for €8.1 million
- the work on the operating properties portfolio in Germany for + €9.9 million
- the work on Le Méridien Nice for + €7.4 million
- work carried out on a portfolio of hotels operated in France for €2 million
- work on the other operating properties portfolios for €1.2 million
- depreciation and amortisation for the period for -€42.8 million.

Disposals include the end of the lease agreement for a plot of land near Alexanderplatz in Berlin for €1.5 million.

The change in accounting method corresponds to a change in the revaluation reserve for the assets of Thornmont (Hilton Dublin) for a net amount of -€7.2 million.

#### 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.

Changes in the scope of investment properties (€501 million) mainly concern the acquisition of the Roco portfolio, with €481.4 million for leased hotels, and €19.6 million for right-of-use assets in Italy.

The increases in investment properties (€35.3 million) mainly consist of:

- the impact of rent relief and rent waivers granted under Covid-19 for €21.9 million
- acquisition of land in Strasbourg for €4.2 million
- work for €4 million on Accor and B&B hotels in France
- an eviction indemnity on a Spanish asset for €2 million.

Disposals of €33 million relate to the sale of six Jardiland assets in the second half of 2020.

The change in fair value (-€332.0 million) was impacted by the crisis.

Notably, the value of the United Kingdom portfolio fell by -€132.7 million due to appraisal values and -€50.7 million due to the fall in the pound sterling.

The amount of the "Disbursements related to acquisitions of tangible and intangible fixed assets" line item in the Statement of Cash Flows totalled €52.4 million. It corresponds to the total of the "Increases" column, ignoring the impact of charges (-€50.1 million) of the table of changes in fixed assets (+ €72.1 million) restated for the change in trade payables on fixed assets (+ €2.2 million) and the impact of the step rental schemes and rent relief in the United Kingdom included in the appraisal values (-€21.9 million).

### 3.2.5.1.3 Appraisal parameters

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 values € millions |
|---|---|---|---|---|---|---|
| Germany | Level 3 | 4.0%- 5.4% | 4.7% | 4.3%- 6.4% | 5.4% | 634 |
| Belgium | Level 3 | 5.4%- 6.4% | 6.0% | 7.0%- 8.0% | 7.6% | 245 |
| Spain | Level 3 | 3.9%- 7.4% | 5.1% | 5.2%- 8.7% | 6.4% | 634 |
| France | Level 3 | 3.6%- 6.7% | 4.7% | 4.4%- 7.8% | 5.8% | 1,711 |
| Netherlands | Level 3 | 4.3%- 5.9% | 4.9% | 5.3%- 8.1% | 6.0% | 150 |
| United Kingdom | Level 3 | 4.0%- 5.8% | 4.5% | 7.2%- 8.8% | 7.9% | 783 |
| Other | Level 3 | 5.5%- 6.8% | 5.7% | 6.3%- 8.2% | 6.9% | 561 |
| Hotel Lease properties. | Level 3 | 3.6%- 7.4% | 4.9% | 4.3%- 8.8% | 6.4% | 4,718 |
| Other activities (non-material) | Level 3 | 5.3%- 12.5% | 6.7% | 6.3%- 14.1% | 8.1% | 120 |
| **Total in operation** | | | | | | **4,837** |
| Development portfolio | Level 3 | 4.60% | 4.60% | 5.6% | 5.6% | 51 |
| Rights-of-use | Level 3 | | | | | 215 |
| **TOTAL** | | | | | | **5,104** |

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

| € millions | Yield | Yield - 50 BPS | Yield + 50 BPS |
|---|---|---|---|
| Hotels in Europe | 5.5% | 557.3 | -464.1 |
| **TOTAL** | **5.5%** | **557.3** | **-464.1** |

- 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 €557.3 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 €464.1 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) | 31/12/2019 | Change in scope and method of consolidation | Acquisitions and works * | Change in fair value | Deliveries | 31/12/2020 | Scheduled delivery date |
|---|---|---|---|---|---|---|---|
| B&B Bagnolet | 9,930 | | 1,187 | -517 | -10,600 | 0 | delivered |
| Plaza Nice | 0 | 39,511 | 6,049 | 5,354 | | 50,914 | 30/06/2021 |
| **TOTAL** | **9,930** | **39,511** | **7,236** | **4,837** | **-10,600** | **50,914** | |

* of which financial expenses for €0.1 million

### 3.2.5.2 Financial assets

#### 3.2.5.2.1 Accounting principles related to financial assets

**Other financial assets**

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

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

**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) | 31/12/2019 | Increase | Decrease | Other changes | 31/12/2020 |
|---|---|---|---|---|---|
| Ordinary loans (1) | 65,791 | 1,424 | -154 | 36 | 67,095 |
| **TOTAL LOANS AND CURRENT ACCOUNTS** | **65,791** | **1,424** | **-154** | **36** | **67,095** |
| Advances and pre-payments on acquisition of securities (2) | 27,000 | 0 | 0 | -27,000 | 0 |
| Securities valued at historical cost (3) | 200 | 0 | 0 | 2 | 202 |
| **TOTAL OTHER FINANCIAL ASSETS** | **27,200** | **0** | **0** | **-26,998** | **202** |
| Receivables on financial assets | 58 | 0 | 0 | -58 | 0 |
| **TOTAL RECEIVABLES ON FINANCIAL ASSETS** | **58** | **0** | **0** | **-58** | **0** |
| **TOTAL** | **93,050** | **1,424** | **-154** | **-27,020** | **67,297** |

(1) Ordinary loans mainly comprise subordinated loans to the equity affiliates in the amount of €62.3 million and guarantee deposits paid to municipal authorities in Spain (€2.7 million). The increase during the fiscal year is mainly due to the loans granted to the Phoenix companies.

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

(3) Investment in an unconsolidated company.

### 3.2.5.3 Investments in equity affiliates and joint ventures

#### 3.2.5.3.1 Accounting principles related to investments

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

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

#### 3.2.5.3.2 Investments in equity affiliates and joint ventures

| (€K) | % held | 31/12/2020 | 31/12/2019 | Share of net income | Dividend payments |
|---|---|---|---|---|---|
| IRIS HOLDING France | 19.90% | 17,903 | 19,256 | -1,354 | 0 |
| OPCI IRIS INVEST 2010 | 19.90% | 26,385 | 32,007 | -4,254 | -1,368 |
| OPCI CAMPINVEST | 19.90% | 21,564 | 21,097 | 1,583 | -1,116 |
| SCI DAHLIA | 20.00% | 17,618 | 20,012 | -2,393 | 0 |
| OPCI OTELI (Phoenix) | 31.15% | 65,061 | 71,913 | -4,487 | -2,364 |
| KOMBON (Phoenix) | 33.33% | 27,747 | 30,566 | -2,250 | -569 |
| JOURON (Phoenix) | 33.33% | 11,075 | 11,680 | -354 | -251 |
| **TOTAL** | | **187,354** | **206,531** | **-13,509** | **-5,668** |

Investments in equity affiliates totalled €187.3 million as at 31 December 2020, compared with €206.5 million as at 31 December 2019. The change through profit or loss (-€13.5 million) includes a -€18.3 million change in fair value.

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.

The Phoenix portfolio was acquired in July 2019 and includes 32 Accor hotels in France and two in Belgium.

### 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 | 223,010 | 199,900 | 21,929 | 18,901 | 3,311 | 110,715 | 2,415 | -3,002 | -6,804 |
| OPCI IRIS INVEST 2010 | 248,220 | 231,500 | 15,904 | 2,556 | 1,327 | 111,747 | 5,425 | -2,052 | -21,374 |
| OPCI CAMPINVEST | 188,292 | 173,990 | 14,264 | 0 | 106 | 79,823 | 11,715 | -1,653 | 7,954 |
| SCI DAHLIA | 165,768 | 160,621 | 4,032 | 0 | 1,427 | 76,249 | 2,000 | -1,682 | -11,966 |
| OPCI OTELI | 334,236 | 326,611 | 6,729 | 0 | 10,076 | 115,295 | 5,595 | -1,381 | -14,405 |
| KOMBON SAS | 158,604 | 155,778 | 1,657 | 14,855 | 669 | 59,839 | 1,668 | -699 | -6,750 |
| JOURON SPRL | 41,030 | 40,004 | 1,025 | 5,909 | 71 | 1,826 | 453 | -29 | -1,063 |

## 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 31/12/2019 | Net income for the period | Difference in rates | Net income for the period | Change in exchange rate | Removals from the scope of consolidation | Transfers | Balance sheet at 31/12/2020 |
| DTA on losses carried forward | 7,766 | 24,852 | | -391 | | | | 32,227 |
| DTA on fixed asset FV | 4,704 | 3,283 | 204 | -288 | -144 | | -134 | 7,625 |
| DTA on FV cash instruments | 1,276 | 1,042 | | -31 | | | | 2,287 |
| DTA on temporary differences | 3,545 | 1,786 | | -273 | -53 | -30 | -1,020 | 3,955 |
| | **17,292** | | | | | | | **46,095** |
| DTA/DTL offset | -13,796 | | | | | | | -16,189 |
| **TOTAL DTA** | **3,496** | **30,963** | **204** | **-983** | **-197** | **-30** | **-1,154** | **29,906** |

| (€K) | Balance sheet at 31/12/2019 | Increases: Net income for the period | Increases: Difference in rates | Decreases: Net income for the period | Decreases: Change in exchange rate | Decreases: Removals from the scope of consolidation | Transfers | Balance sheet at 31/12/2020 |
|---|---|---|---|---|---|---|---|---|
| DTL on fixed asset FV | 281,902 | 7,734 | 5,832 | -41,579 | -2,461 | -1,860 | 83 | 249,651 |
| DTL on FV cash instruments | 0 | | | | | | | 0 |
| DTL on temporary differences | 5,437 | 1,730 | | -1,230 | -53 | -30 | -1,237 | 4,618 |
| | 287,340 | | | | | | | 254,269 |
| DTA/DTL offset | -13,796 | | | | | | | -16,189 |
| **TOTAL DTL** | **273,543** | **9,464** | **5,832** | **-42,809** | **-2,514** | **-1,890** | **-1,154** | **238,080** |

The overall impact on the income statement is €59,557 thousand.

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

Deferred tax liabilities linked to unrealised gains on fixed assets, relate to the Hotels segment for €162 million and the operating properties segment for €87.6 million.

Net deferred tax assets in the Hotels segment fell from €189 million to €152.3 million, mainly due to the fall in appraisal values on foreign portfolios.

Net deferred tax assets in the operating properties segment fell from €81.5 million to €55.9 million due to the recognition of €24.8 million of tax loss carryforwards.

The operating properties companies have recognised tax losses of €107.7 million. These are mainly at Airport Garden (€26.5 million) and the Rock portfolio (€75.3 million).

The non-recognised tax loss carryforwards, calculated at the standard rate, amounted to €255.7 million, as detailed below:

| (€K) | Non-recognised DTA | Non-recognised tax loss carryforwards |
|---|---|---|
| Lease properties | 36,923 | 134,234 |
| Operating properties | 32,433 | 121,462 |
| **GROUP TOTAL** | **69,356** | **255,696** |

### 3.2.5.5 Short-term loans

| (€K) | 31/12/2019 | Increase | Decrease | 31/12/2020 |
|---|---|---|---|---|
| Short-term loans | 1,853 | 1,763 | -1,853 | 1,763 |
| Interest on swaps | 1,065 | 1,091 | -1,066 | 1,090 |
| **TOTAL** | **2,918** | **2,854** | **-2,919** | **2,853** |

Short-term borrowings comprise accrued interest on loans for €1.8 million and interest on swaps for €1.1 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) | 31/12/2019 | Change | Change in scope | 31/12/2020 |
|---|---|---|---|---|
| Inventories of raw materials and other supplies | 2,261 | -556 | 8 | 1,712 |
| **TOTAL INVENTORIES AND WORK-IN-PROGRESS** | **2,261** | **-556** | **8** | **1,712** |

The change (-0.5 million) is linked to the decline in activity of the operating properties hotels in the context of the Covid-19 pandemic.

### 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 receivables are more than three months overdue.

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

**Receivables of hotels under operation**

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

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

#### 3.2.5.7.2 Trade receivables table

| (€K) | 31/12/2020 | 31/12/2019 | Change |
|---|---|---|---|
| Expenses to be reinvoiced to tenants | 1,524 | 3,419 | -1,895 |
| *Gross trade receivables* | *36,373* | *14,938* | *21,435* |
| *Impairment of trade receivables* | *-15,155* | *-220* | *-14,935* |
| *Invoices to be issued* | *6,210* | *3,643* | *2,567* |
| Net trade receivables | 27,428 | 18,361 | 9,067 |
| **NET TOTAL TRADE RECEIVABLES** | **28,952** | **21,780** | **7,172** |

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

Gross trade receivables, with a balance of €36.4 million at 31 December 2020, mainly comprise:

- trade receivables in the operating properties business segment for €2.4 million
- trade receivables from Hotels for €33.9 million of which:
  - €19.4 million in tenant receivables in Spain
  - €5.8 million in rent receivables for Covivio Hotels.

Impairment of trade receivables amounted to €15.2 million. They mainly concern Spain for €10.7 million and France for €3.3 million (Retail).

Invoices to be issued for €6.2 million include €3.3 million for the provisional adjustment to the acquisition price of the Roco portfolio.

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

| (€K) | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Impact of changes in inventories and work in progress | 556 | -161 |
| Impact of changes in trade & other receivables | 1,902 | 14,673 |
| Impact of changes in trade & other payables | -7,089 | -5,637 |
| **CHANGE IN WCR ON CONTINUING OPERATIONS** | **-4,630** | **8,875** |

### 3.2.5.8 Other receivables

| (€K) | 31/12/2020 | 31/12/2019 | Change |
|---|---|---|---|
| Tax receivables (CIT) | 9,878 | 5,334 | 4,544 |
| Other tax receivables | 34,230 | 27,395 | 6,835 |
| Other receivables | 12,434 | 10,065 | 2,369 |
| Security deposits received | 82 | 33 | 49 |
| Current accounts | 3,221 | 916 | 2,305 |
| **TOTAL TAX RECEIVABLES AND OTHER RECEIVABLES** | **59,844** | **43,743** | **16,102** |

Other tax receivables (€34.2 million) mainly relate to VAT receivables, of which €5.8 million related to the portfolio acquired on 7 September 2020 (Roco), €5.9 million related to the UK portfolio, €4.9 million for hotels in Poland and €10.3 million for the operating properties business.

The other receivables item (€12.4 million) consists of rent receivables outside the Roco portfolio for €5.6 million and prepayments paid as part of work in progress concerning the operating properties business for €2.8 million.

### 3.2.5.9 Prepaid expenses

Prepaid expenses concern the operating properties business for €0.6 million and the Hotels Lease properties for €0.3 million.

### 3.2.5.10 Cash and cash equivalents

#### 3.2.5.10.1 Accounting principles related to cash and cash equivalents

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

#### 3.2.5.10.2 Statement of cash and cash equivalents

| (€K) | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Money-market securities available for sale | 912 | 1,602 |
| Cash at bank | 100,847 | 163,126 |
| **GROSS CASH** | **101,759** | **164,728** |

At 31 December 2020, 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 related to shareholders' equity

**Treasury shares**

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

#### 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.

The Combined General Meeting of 7 April 2020 approved the payment of an ordinary dividend of €187.6 million, *i.e.* a dividend of €1.55 per share. Shareholders holding 98.6% of the shares opted to take payment of the dividend in shares. The issue price of the new shares was set on 7 May at €16.07.

On 2 June 2020, a capital increase was carried out for this payment of the dividend in shares (€185 million). Dividends paid in cash during the period amounted to €2.6 million.

Share capital stood at €530.2 million as at 31 December 2020. Reserves correspond to parent company retained earnings and reserves, together with reserves from consolidation.

The €8.3 million of changes in scope and interest rates include the reallocation of the acquisition price of the company Ruhl Côte d'Azur for €15.8 million and the revision of the initial value of the Hilton Dublin. acquired in 2019, for -€7.3 million.

The €9.6 million change in currency transaction gains and losses over the fiscal year recorded directly under net position mainly comprises the following:

- impact of the change in the British pound on companies held in the United Kingdom for -€27.8 million

(the GBP/EUR exchange rate was €1.105 at year-end compared to €1.17 at the beginning)

- impact of investments in foreign operations (IAS 21 and IFRS 9), broken down into:
  - exchange differences linked to long-term borrowings and loans by Covivio Hotels denominated in GBP (+ €6.7 million)
  - the change in fair value of the cross currency swap as a result of the currency movement (+ €18.2 million).

At 31 December 2020, the share capital consisted of 132,547,616 fully paid-up shares with a par value of €4.00.

| Transaction | Shares issued | Treasury shares | Shares outstanding |
|---|---|---|---|
| **Number of shares at 31/12/2019** | **121,036,633** | **3,049** | **121,033,584** |
| Share dividend | 11,510,983 | | 11,510,983 |
| Own shares – liquidity agreement | | 12,691 | |
| **Number of shares at 31/12/2020** | **132,547,616** | **15,740** | **132,531,876** |

The line "Amounts paid by parent company shareholders" in the statement of cash flows amounts to -€16.7 million. It mainly corresponds to the capital reduction carried out on the 50.2%-owned OPCI Foncière B2HI, for -€17.3 million.

## 3.2.5.12 Statement of liabilities

### 3.2.5.12.1 Accounting principles related to the statement of liabilities

Financial liabilities include borrowings and other interest-bearing debt.

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

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

Companies belonging to the Covivio Hotels group hold real estate assets *via* finance lease agreements: finance leases (Operating Properties) or long-term leases 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) | 31/12/2019 | Increase | Decrease | Change in scope | Change in exchange rate | Other changes | 31/12/2020 |
|---|---|---|---|---|---|---|---|
| Bank borrowings | 1,803,366 | 455,012 | -100,019 | 2 | -20,854 | 0 | 2,137,508 |
| Bonds | 736,553 | 0 | -254,158 | 301,469 | 0 | -47,311 | 736,553 |
| Finance lease borrowing | 13,900 | 0 | -2,734 | 0 | 0 | 0 | 11,166 |
| Other borrowings [(1)] | 20,088 | 0 | -180,268 | 178,584 | 0 | 0 | 18,404 |
| **Subtotal interest-bearing loans** | **2,573,907** | **455,012** | **-537,179** | **480,055** | **-20,854** | **-47,311** | **2,903,631** |
| Accrued interest | 12,360 | 12,469 | -12,232 | 0 | 0 | 0 | 12,597 |
| Deferral of loan expenses | -21,585 | 5,164 | -2,294 | 0 | -56 | 0 | -18,770 |
| Creditor banks | 18,792 | 0 | 0 | 0 | -5 | -6,330 | 12,458 |
| **Total Borrowings (Lt/St)** | **2,583,475** | **472,646** | **-551,705** | **480,055** | **-20,914** | **-53,641** | **2,909,916** |
| *of which Long-term* | *2,534,416* | *458,662* | *-518,642* | *275,135* | *-20,904* | *0* | *2,681,356* |
| *of which Short-term* | *49,059* | *13,984* | *-33,063* | *204,920* | *-10* | *-6,330* | *228,560* |
| **Valuation of financial instruments** | **89,024** | | | | | **17,124** | **106,148** |
| *of which Assets* | *-16,851* | | | | | *-22,999* | *-39,850* |
| *of which Liabilities* | *105,875* | | | | | *40,123* | *145,998* |
| **TOTAL BANK DEBT** | **2,672,499** | **472,646** | **-551,705** | **480,055** | **-20,914** | **-36,517** | **3,016,064** |

(1) These are loans to partnerships from shareholders other than Covivio Hotels. At 31 December 2020, the balance of €18 million mainly comprised SAS Samoëns for €14.5 million, and the Rock companies in Germany in the operating properties business for €3.2 million.

The change in scope column includes a bond debt of €301 million and a shareholder loan of €178 million related to the Roco portfolio, which were repaid on the day of the acquisition.

The "Proceeds from new borrowings" line item in the Statement of Cash Flows (+ €461 million) corresponds to the increase in borrowings accruing interest column (+ €455 million), less the new loan issue costs (-€2 million) plus rental liabilities (+ €8 million), essentially on the United Kingdom portfolio.

The "Repayments of borrowings" line item in the Statement of Cash Flows (-€542 million) corresponds to the decreases column for interest-bearing borrowings (-€537 million) plus the rental liabilities (-€5 million).

Net financial debt is presented below:

| | | 31/12/2020 | 31/12/2019 |
|---|---|---|---|
| Gross cash (a) | 3.2.5.10.2 | 101,759 | 164,728 |
| Debit balances and bank overdrafts from continuing operations (b) | 3.2.5.12.2 | -12,458 | -18,792 |
| **Net cash and cash equivalents (c) = (a) - (b)** | | **89,301** | **145,936** |
| Gross debt (d) | 3.2.5.12.2 | 2,916,228 | 2,586,267 |
| Amortisation of financing costs (e) | 3.2.5.12.2 | -18,770 | -21,585 |
| **Net debt (d) - (c) + (e)** | | **2,808,156** | **2,418,747** |

### 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) | Secured debt | Appraisal value 31/12/2020 | Outstanding debt 31/12/2020 | Date of signature | Nominal Initial | Maturity |
|---|---|---|---|---|---|---|
| | €130 million (2019) - REF1 | | 129,132 | 04/04/19 | 130,000 | 03/04/26 |
| | €447 million (2013) - REF2 | | 169,031 | 25/10/13 | 447,000 | 31/01/23 |
| | €178 million (2020) - PARKINN AP BERLIN | | 177,199 | 30/12/19 | 178,000 | 30/12/29 |
| | €255 million (2012) – Covered bonds | | 186,553 | 14/11/12 | 255,000 | 16/11/21 |
| | €290 million (2017) – OPCI B2 HI (B&B) | | 123,323 | 10/05/17 | 290,000 | 10/05/24 |
| | €278 million (2017) – RocaTierra (assets in Spain) | | 213,350 | 29/03/17 | 277,188 | 29/03/25 |
| | £400 million (2018/2019) – Rocky (assets in the United Kingdom) | | 442,294 | 24/07/18 | 475,145 | 24/07/26 |
| **> 100 M€** | | **3,100,052** | **1,440,882** | | | |
| **< 100 M€** | | **1,354,620** | **536,489** | | | |
| **Total collateralised** | | **4,454,672** [(1)] | **1,977,371** | | | |
| | €100 million (2020) – Roco | | 100,000 | 30/06/20 | 100,000 | 30/06/22 |
| | €200 million (2015) – Private placement | | 200,000 | 29/05/15 | 200,000 | 29/05/23 |
| | €350 million (2018) – Bonds | | 350,000 | 24/09/18 | 350,000 | 24/09/25 |
| > 100 M€ | | 1,643,544 | 650,000 | | | |
| < 100 M€ | | | 257,857 | | | |
| **Total unencumbered** | | **1,643,544** | **907,857** | | | |
| | Other payables | | 18,403 | | | |
| **GRAND TOTAL** | | **6,098,216** | **2,903,631** | | | |

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

The borrowings are valued after their initial recognition at cost, amortised based on the effective interest rate. The average rate of the consolidated debt of Covivio Hotels at 31 December 2020 was 1.99% (*versus* 2.25% at 31 December 2019).

Collateralised fixed assets represented 73.0% 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) | Outstandings at 31/12/2020 | Maturity to - 1 year | Outstandings at 31/12/2021 | Maturity from 2 to 5 years | Maturity +5 years |
|---|---|---|---|---|---|
| **Fixed-rate long-term financial liabilities** | **923,515** | **188,257** | **735,257** | **655,197** | **80,061** |
| Bank borrowings and finance leases | 168,559 | 1,704 | 166,854 | 86,966 | 79,889 |
| **Total Borrowings and bonds** | **168,559** | **1,704** | **166,854** | **86,966** | **79,889** |
| Bonds | 736,553 | 186,553 | 550,000 | 550,000 | 0 |
| **Total debts represented by securities** | **736,553** | **186,553** | **550,000** | **550,000** | **0** |
| **Other borrowings** | **18,403** | **0** | **18,403** | **18,231** | **172** |
| **Floating-rate financial debt** | **1,980,116** | **20,141** | **1,959,975** | **991,195** | **968,780** |
| Bank borrowings and finance leases | 1,980,116 | 20,141 | 1,959,975 | 991,195 | 968,780 |
| **Total Borrowings and bonds** | **1,980,116** | **20,141** | **1,959,975** | **991,195** | **968,780** |
| **TOTAL** | **2,903,631** | **208,398** | **2,695,232** | **1,646,392** | **1,048,841** |

### 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 |
| **Nominal amount following partial redemption (in €M)** | **186.6** | **200** | **350** |
| Nominal amount per bond (in €) | 200,000 | 200,000 | 100,000 |
| Nominal amount per bond following partial redemption (in €) | 146,316 (1) | 200,000 | 100,000 |
| Number of units issued | 1,275 | 1,000 | 3,500 |
| Nominal rate | 3.682% then 2.754% from 16/02/2015 | 2.218% | 1.875% |
| Maturity | 16-Nov-21 | 29-May-23 | 24-Sep-25 |

(1) Following the disposals in 2017, the nominal amount per bond fell from €148,368 to €146,316.

The bond debt in the consolidated accounts stood at €736.6 million at 31 December 2020.

The fair value of these bonds at 31 December 2020 was €763.4 million compared with €761.7 million at 31 December 2019.

The impact of the revaluation of the risk-free rate on fixed-rate borrowings as at 31 December 2020 was €26.8 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) | 31/12/2019 Net | Restructuring payments | Impact on P&L | Shareholders' equity impact | 31/12/2020 Net |
|---|---|---|---|---|---|
| Financial instruments | -89,024 | 10,668 | -46,020 | 18,226 | -106,150 |

In accordance with IFRS 13, the fair values include the counterparty default risk (CDA/DVA) for -€2.6 million as at 31 December 2020 compared with -€1.4 million as at 31 December 2019.

The "Unrealised gains and losses relating to changes in fair value" line in the Statement of Cash Flows (-€374 million), which makes it possible to calculate cash flows from operating activities, incorporates the impact of changes in the value of cash instruments (-€46 million) and the change in the value of Investment Properties (-€328 million).

Breakdown of hedging instruments by maturity of notional values:

The "Other cash flow from financing activities" line item in the Statement of Cash Flows (-€8.4 million) includes payments for the restructuring of hedging transactions (-€10.6 million), minus the receipt of tenant guarantee deposits (€2.3 million).

The -€18.2 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.

| (€K) | 31/12/2020 | less than 1 year | 1 to 5 years | more than 5 years |
|---|---|---|---|---|
| **Fixed hedge** | | | | |
| Fixed rate receiver swap | 733,344 | 0 | 450,000 | 283,344 |
| Fixed rate payer swap | 1,175,919 | -364,783 | 202,702 | 1,338,000 |
| **Total swaps** | **442,575** | **-364,783** | **-247,298** | **1,054,656** |
| **Optional hedge** | | | | |
| Cap purchase | 310,887 | 200,573 | 94,314 | 16,000 |
| Floor purchase | 28,000 | 0 | 0 | 28,000 |
| Floor sale | 13,000 | 0 | 13,000 | 0 |
| **TOTAL** | **2,261,150** | **-164,210** | **760,016** | **1,665,344** |

Forward hedging instruments are not included in this table.

Hedging balance at 31 December 2020:

| | Balance as at 31/12/2020 | |
|---|---|---|
| (€K) | Fixed rate | Floating rate |
| Gross borrowings and financial debt | 923,515 | 1,980,116 |
| Creditor banks | | 12,458 |
| **Net financial liabilities before hedging** | **923,515** | **1,992,574** |
| Fixed hedge: swaps | 0 | -442,575 |
| Option hedge: caps | 0 | -310,887 |
| **Total hedges** | **0** | **-753,462** |
| **NET FINANCIAL LIABILITIES AFTER HEDGING** | **923,515** | **1,239,112** |

### 3.2.5.12.6 Rental liabilities

At 31 December 2020, the balance of lease liabilities amounted to €242.3 million in accordance with IFRS 16.

Interest expenses on these rental liabilities was €13 million in respect of 2020.

| (€K) | 31/12/2019 | Increase | Decrease | Other changes | Change in exchange rate | 31/12/2020 |
|---|---|---|---|---|---|---|
| Long-term rental liabilities | 227,802 | 4,858 | -474 | 13,054 | -8,561 | 236,678 |
| Short-term rental liabilities | 2,652 | 3,100 | -5,110 | 5,048 | -52 | 5,639 |
| **TOTAL BANK DEBT** | **230,454** | **7,958** | **-5,584** | **18,102** | **-8,613** | **242,317** |

The increase in rental liabilities mainly 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.

Other changes include the rental liabilities on Italian assets (€19.6 million) in the Roco portfolio.

Maturities of rental liabilities:

| (€K) | As at 31 Dec. 2020 | less than 1 year | 1 to 5 years | 5 to 25 years | more than 25 years | Total Lt | Total |
|---|---|---|---|---|---|---|---|
| Hotels | 215,878 | 4,846 | 15,202 | 27,501 | 168,329 | 211,032 | 215,878 |
| Operating properties | 26,439 | 793 | 1,249 | 4,137 | 20,260 | 25,646 | 26,439 |
| **TOTAL RENTAL LIABILITIES** | **242,317** | **5,639** | **16,451** | **31,638** | **188,589** | **236,678** | **242,317** |

### 3.2.5.12.7 Bank covenants

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

The most stringent LTV covenant was 60% as at 31 December 2020.

The most stringent ICR covenant was 200% as at 31 December 2020.

As a precaution, Covivio Hotels has requested and obtained a waiver from its lenders for a suspension of the ICR covenant as of 31 December 2020 and 30 June 2021.

The bank covenants of the Covivio Hotels group are fully complied with as of 31 December 2020 and stand at 44.2% for the LTV Group share and 220% for the ICR Group share.

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

| LTV Conso | Scope | Covenant threshold | Ratio |
|---|---|---|---|
| €447 million (2013) – REF II | Covivio Hotels | < 60% | In compliance |
| €130 million (2019) – REF I | 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 |
| 100 M€ (2020) – Roco | Covivio Hotels | ≤ 60% | In compliance |

| ICR Conso | Scope | Covenant threshold | Ratio |
|---|---|---|---|
| €447 million (2013) – REF II | Covivio Hotels | > 200% | In compliance |
| €130 million (2019) – REF I | 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 |
| 100 M€ (2020) – Roco | 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 related 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) | 31/12/2019 | Scope change | Charges | Reversal of provision | | 31/12/2020 |
|---|---|---|---|---|---|---|
| | | | | Used | Unused | |
| Other provisions for disputes | 352 | 347 | 259 | -188 | -74 | 696 |
| Provisions for taxes | 7,755 | 0 | 0 | | 0 | |
| Other provisions | 90 | 530 | 821 | 0 | -377 | 1,064 |
| **Provisions subtotal – current liabilities** | **8,197** | **877** | **1,080** | **-188** | **-451** | **9,515** |
| Provisions for retirement benefit | 1,255 | 0 | 188 | 0 | 0 | 1,443 |
| Provisions for long-service awards | 74 | 0 | 30 | 0 | 0 | 104 |
| **Provisions subtotal – non-current liabilities** | **1,329** | **0** | **218** | **0** | **0** | **1,547** |
| **TOTAL PROVISIONS** | **9,526** | **877** | **1,298** | **-188** | **-451** | **11,062** |

The €7.7 million in provisions for taxes relate to tax risks on the German portfolio in the operating properties business.

The other provisions relate to wage disputes related to the Plaza Nice (Roco portfolio) for an amount of €0.9 million.

### 3.2.5.14 Other liabilities

| (€K) | 31/12/2020 | 31/12/2019 | Change |
|---|---|---|---|
| Other long-term liabilities | 6,621 | 4,336 | 2,285 |
| Trade payables | 30,079 | 36,088 | -6,009 |
| Trade payables on fixed assets | 9,425 | 11,649 | -2,223 |
| Advances and pre-payments received | 39,624 | 11,689 | 27,936 |
| Current taxes | 13,461 | 16,508 | -3,046 |
| Other short-term liabilities | 35,013 | 21,013 | 14,000 |
| Current accounts – liabilities | 120 | 120 | 0 |
| **TOTAL** | **134,343** | **101,402** | **32,941** |

Other long-term liabilities were security deposits received, €5.3 million of which were on assets in the hotel portfolio in Spain and €1.1 million from operating properties business.

Trade payables relate to the operating properties business for €13 million and the Hotels under lease for €17 million, including €7 million related to the Roco portfolio.

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.

Advances and prepayments received include €20 million of credit notes to be issued on rents and re-invoicing of long-term leases on the Rocky portfolio in respect of 2020, €5.4 million of credit notes to be issued on Accor rents in connection with the effect of Covid-19 and €9 million of credit notes to be issued in the operating properties business.

Other short-term debts (€35.1 million) mainly include a works payable (€9 million) vis-à-vis the hotel operator of the Roco portfolio, VAT tax liabilities of €8 million, and social security debts in the operating properties business for €6.4 million and a tax liability following the revaluation of assets in Italy (€3.2 million) on the Roco portfolio.

### 3.2.5.15 Recognition of financial assets and liabilities

| | | | Amount given in the assessed Statement of Financial Position | | | |
|---|---|---|---|---|---|---|
| Categories according to IFRS 9 | Item concerned in the statement of financial position | 31/12/2020 Net (€K) | Amortised cost | Fair Value through shareholders equity | Fair Value through profit or loss | Fair value (€K) |
| Long-term securities (non-current) | Non-current financial Assets | 202 | 202 | | | 202 |
| Loans and receivables | Non-current financial Assets | 67,095 | 67,095 | | | 67,095 |
| Loans and receivables | Trade receivables | 28,952 | 28,952 | | | 28,952 |
| Assets at fair value | Derivatives at fair value | 39,850 | | 0 | 39,850 | 39,850 |
| Assets at fair value | Cash and cash equivalents | 912 | | | 912 | 912 |
| **Total financial assets** | | **137,011** | **96,249** | **0** | **40,762** | **137,011** |
| Liabilities at amortised cost | Financial payables | 2,903,631 | 2,903,631 | | | 2,934,283 [(1)] |
| Liabilities at fair value | Derivatives at fair value | 145,998 | | 0 | 145,998 | 145,998 |
| Liabilities at amortised cost | Security deposits | 6,621 | 6,621 | | | 6,621 |
| Liabilities at amortised cost | Trade payables | 39,504 | 39,504 | | | 39,504 |
| **TOTAL FINANCIAL LIABILITIES** | | **3,095,754** | **2,949,756** | **0** | **145,998** | **3,126,406** |

(1) The difference between the net book value and the fair value of the fixed-rate debt is €30.6 million (€26.8 million for the loans detailed in 3.2.5.12.4 and €3.8 million 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 | | 39,850 | | 39,850 |
| Cash and cash equivalents | | 912 | | 912 |
| **Total financial assets** | **0** | **40,762** | **0** | **40,762** |
| Derivatives at fair value through profit or loss and OCI | | 145,998 | | 145,998 |
| **Total financial liabilities** | **0** | **145,998** | **0** | **145,998** |

### 3.2.5.16 Accruals

| (€K) | 31/12/2020 | 31/12/2019 | Change |
|---|---|---|---|
| Prepaid income and other accounts | 6,307 | 22,979 | -16,672 |
| **TOTAL ACCRUALS** | **6,307** | **22,979** | **-16,672** |

Prepaid income is mainly prepaid rental income on the leased hotel business (€3.2 million) of which €1.5 million related to the United Kingdom portfolio; and the operating properties business (€3 million) including the receipt of compensation for the Parkinn Alexanderplatz hotel of €1.7 million related to works.

The change is explained by the reversal in full of the provision for Pullman Roissy (€7.5 million) and the change in provisions for invoice collections in the United Kingdom (-€11 million).

## 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, rent waivers in exchange for additional rent to be received in future years) are spread on a straight-line basis over the lease term in accordance with IFRS 16.

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 revenues for the fiscal year.

**Revenues from hotels under management (Hotel Operating properties)**

Revenues 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 revenues 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

| Loyers (en K€) | 31/12/2020 | 31/12/2019 | Variation en K€ | Var % |
|---|---|---|---|---|
| Hôtels en bail | 139 406 | 233 055 | -93 649 | -40,2% |
| Autres activités (non significatives) | 11 891 | 12 363 | -472 | -3,8% |
| **TOTAL LOYERS** | **151 297** | **245 418** | **-94 121** | **-38,4%** |

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 business (-€93.6 million) is mainly due to the impact of Covid-19 on the hotel business:

- decrease in Accor variable rents (-€41 million)
- absence of rents in the United Kingdom following the application of the major underperformance clause (-€42.8 million)
- the impact of disposals of B&B hotels in France and Germany (-€14.3 million)
- the delivery of assets under development (€3.9 million) and acquisitions of the Roco portfolio (€5.4 million) and B&B Poland (€1.3 million).

For fixed-rent leases, rent-free periods were granted for an amount of €14.5 million in exchange for an extension of the lease term and rent waivers of €7.5 million on leases where rents had been restructured as rent-free periods. At 31 December 2020, the impact of spreading these rent-free periods over the term of the lease was -€0.8 million. In addition, certain tenants (mainly in Spain) have been granted deferred payments with deadlines from 2021 to 2024.

#### 3.2.6.2.2 Real estate expenses

| (€K) | 31/12/2020 | 31/12/2019 | Change % |
|---|---|---|---|
| Rental income | 151,296 | 245,418 | -38.4% |
| Unrecovered rental costs | 9 | -450 | n.a. |
| Taxes and duties | -11,681 | -12,495 | -6.5% |
| Income from rebilling of taxes and duties | 10,091 | 10,524 | -4.1% |
| Expenses on properties | -2,262 | -2,708 | -16.5% |
| Net losses on unrecoverable receivables | -14,462 | 30 | n.a. |
| **NET RENTAL INCOME** | **132,991** | **240,320** | **-44.7%** |
| Rate for property expenses | -12.1% | -2.1% | |

The impact between taxes and duties and income from rebilling of taxes and duties (-€1.5 million at 31 December 2020) 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 €2.1 million.

Net unrecoverable receivables expenses mainly consist of impairments of tenants' receivables for an amount of €10.7 million in Spain and €3.3 million in France, in connection with the Covid-19 pandemic.

#### 3.2.6.2.3 Managed hotel EBITDA

| (€K) | 31/12/2020 | 31/12/2019 | Var % |
|---|---|---|---|
| Revenues from hotels under management | 89,353 | 232,313 | -61.5% |
| Operating expenses of hotels under management | -81,476 | -162,435 | -49.8% |
| **MANAGED HOTEL EBITDA** | **7,877** | **69,878** | **-88.7%** |

Detailed results for this activity are presented in section 3.2.8.6.

Managed hotel EBITDA fell following the closure of hotels caused by the crisis.

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) | 31/12/2020 | 31/12/2019 | Change % |
|---|---|---|---|
| Management and administration income | 2,328 | 2,983 | -22.0% |
| Business expenses | -1,278 | -2,044 | -37.5% |
| Overheads | -21,877 | -22,472 | -2.6% |
| **TOTAL NET OPERATING COSTS** | **-20,827** | **-21,534** | **-3.3%** |

Management and administration income mainly comprises Asset Management fees charged to equity affiliates. These fell as a result of the decrease in rents from partnership hotels.

Business expenses are mainly made up of building appraisal costs and Asset Management fees.

Overhead costs include:

- network costs for €6.9 million, including €6.5 million with Covivio
- personnel expenses for €5.2 million. These are down by €1.5 million *versus* 2019.

Note that personnel costs for allocation to Income from disposals totalled €5.7 million.

#### 3.2.6.2.5 Depreciation of operating assets and net change in provisions and other

| (€K) | 31/12/2020 | 31/12/2019 | Change |
|---|---|---|---|
| Depreciation of operating assets | -42,858 | -42,285 | -573 |
| Net change in provisions and other | 4,745 | 10,635 | -5,889 |

At 31 December 2020, "Net change in provisions and other" includes the reinvoicing of construction leases to tenants for €2.7 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.

The change over the period is due to the absence of reinvoicing of construction leases in the United Kingdom (-€6.4 million) due to the application of the underperformance clause.

### 3.2.6.3 Income from disposals

During 2020, the Covivio Hotels group made €153 million of disposals relating to a portfolio of 11 B&B assets in Germany for €115 million, four B&B hotels in France for €5 million, six Jardiland assets for €33 million and a Courtepaille restaurant for €1 million.

Net income from the disposals was -€1.1 million.

### 3.2.6.4 Change in the fair value of assets

| (€K) | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Hotel Lease properties | -315,496 | 251,581 |
| Other activities (non-material) | -12,131 | -6,593 |
| **TOTAL CHANGE IN FAIR VALUE OF PROPERTIES** | **-327,627** | **244,988** |

### 3.2.6.5 Income from changes in scope

The result of the changes in scope of consolidation for -€3.8 million mainly reflects -€7.3 million of goodwill impairment in the Operating properties business and the acquisition costs of the Roco portfolio (+ €3 million) which were consolidated after initially having been taken to income in the purchase price in 2019.

### 3.2.6.6 Cost of net financial debt

| (€K) | 31/12/2020 | 31/12/2019 | Change (€K) | Change % |
|---|---|---|---|---|
| Interest income on cash transactions | 1,844 | 1,155 | 690 | 59.8% |
| Interest expense on financing operations | -39,982 | -42,561 | 2,579 | -6.1% |
| Depreciation of ancillary loan costs | -4,936 | -4,829 | -108 | 2.2% |
| Net expenses on hedges | -15,130 | -16,842 | 1,712 | -10.2% |
| **COST OF NET FINANCIAL DEBT** | **-58,204** | **-63,077** | **4,873** | **-7.7%** |

The cost of net financial debt decreased by 7.7% following the refinancing carried out in the second half of 2019 and the first half of 2020.

### 3.2.6.7 Net financial income

| (€K) | 31/12/2020 | 31/12/2019 | Change (€K) | Change % |
|---|---|---|---|---|
| Cost of net financial debt | -58,204 | -63,077 | 4,873 | -7.7% |
| Interest charges on rental liabilities | -13,009 | -12,886 | -122 | 0.9% |
| Changes in the fair value of financial instruments | -46,018 | -51,412 | 5,394 | n.p. |
| Discounting and foreign exchange income | 264 | -496 | 760 | n.p. |
| Exceptional depreciation of loan issue costs | -207 | -3,612 | 3,405 | -94.3% |
| **TOTAL NET FINANCIAL INCOME/(CHARGES)** | **-117,174** | **-131,483** | **14,310** | **-10.9%** |

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 -€46 million at 31 December 2020 (-€64.2 million if we include the change in the value of the Cross currency swap recognised in equity).

The "Other calculated income and expenses" line in the Statement of Cash Flows for -€17.0 million primarily consists of the amortisation of borrowing costs (+ €4.9 million in regular and + €0.2 million in non-recurring costs), and the reversal of the spreading of rent-free periods (-€22 million).

### 3.2.6.8 Taxes payable and deferred tax liabilities

#### 3.2.6.8.1 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 Covivio Hotels' financial statements at 31 December 2020.

**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.

### 3.2.6.8.2 Taxes and tax rates by geographic area

| (€K) | Taxes payable | Deferred tax liabilities | Total | Deferred tax rate |
|---|---|---|---|---|
| France | 0 | -195 | -195 | 25.83% (1) |
| Belgium | -339 | 4,251 | 3,912 | 25.00% (2) |
| Luxembourg | -332 | 469 | 137 | 24.94% |
| Netherlands | -1,188 | -308 | -1,496 | 25.00% (3) |
| Portugal | -331 | -179 | -510 | 22.50% |
| Germany | -10,832 | 35,287 | 24,455 | 15.83% (4) |
| Spain | -1 | 1,203 | 1,202 | 25.00% |
| United Kingdom | -190 | 18,937 | 18,747 | 19.00% (5) |
| Ireland | -12 | -59 | -71 | 33.00% (6) |
| Poland | 0 | -21 | -21 | 9.00% |
| Italy | -78 | 0 | -78 | 24.00% |
| Hungary | 180 | 0 | 180 | 9.00% |
| Czech Republic | -155 | 172 | 18 | 19.00% |
| **TOTAL** | **-13,278** | **59,557** | **46,280** | |

(-) corresponds to tax liability; (+) corresponds to tax income

(1) In France, the tax rate for fiscal year 2020 is 28.92%. The tax rate will be 27.4% in 2021 and 25.83% from fiscal year 2022.
(2) In Belgium, the tax rate used for 2020 is 29.58%. It will go down to 25% as of 2021.
(3) In the Netherlands, the tax rate for fiscal year 2020 is 25%.
(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 the United Kingdom, following cancellation of the tax rate cut to 17% in 2020, it stands at 19%.
(6) In Ireland, the tax rate is 12.5% for property companies, 25% on holdings and 33% on capital gains.

### 3.2.6.8.3 Deferred tax liabilities and income

| (€K) | 31/12/2020 | 31/12/2019 | Change |
|---|---|---|---|
| France | -195 | 9,371 | -9,566 |
| Belgium | 4,251 | -1415 | 5,665 |
| Luxembourg | 469 | -4,504 | 4,973 |
| Netherlands | -308 | -504 | 196 |
| Portugal | -179 | -1,998 | 1,819 |
| Germany | 35,287 | -15,474 | 50,761 |
| Spain | 1,203 | -478 | 1,681 |
| United Kingdom | 18,937 | 12,789 | 6,148 |
| Ireland | -59 | 0 | -59 |
| Poland | -21 | -6 | -15 |
| Czech Republic | 172 | 0 | 172 |
| **TOTAL** | **59,557** | **-2,219** | **61,604** |

(-) corresponds to tax liability; (+) corresponds to tax income

Deferred tax income at 31 December 2020 mainly relates to the hotel business (€34 million) following the decrease in the valuation of the hotel sector abroad (€23 million) and the disposal of 11 hotels in Germany (€11 million) as well as the recognition of tax loss carryforwards on almost the entire Operating properties portfolio (€25.6 million).

#### 3.2.6.8.4 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 | 31/12/2020 |
|---|---|---|---|---|
| **Net income before tax, before net income/(loss) of companies accounted by the equity method** | **-129,602** | **-14,954** | **-223,344** | **-367,900** |
| Recognised effective tax expense | 1,202 | -195 | 42,273 | 46,280 |

**Table of tax proof 2020**

| (€K) | | 31/12/2020 |
|---|---|---|
| **Net income before tax** | | **-381,409** |
| **Income (loss) of companies accounted for under the equity method** | | **-13,509** |
| Goodwill | | 0 |
| **Net income before tax, before net income/(loss) of companies accounted by the equity method and before goodwill** | | **-367,900** |
| of which SIIC/SIIQ/SOCIMI | | -129,602 |
| of which companies subject to income tax | | -238,298 |
| Theoretical tax of 28.924% | (a) | 68,925 |
| Effect of differences in rate | | -13,995 |
| Effect of tax credits and IFA (tax due despite losses) | | -8 |
| Effect of permanent differences | | -25,452 |
| Allocation to tax losses without DTAs | | 34 |
| Tax losses for the period without DTAs | | 4,000 |
| **Total tax effects for the year** | **(b)** | **-35,422** |
| **Taxes not for the period** | **(c)** | **11,575** |
| Recognised effective tax expense | (a)+(b)+(c) | 45,077 |
| **Total effective tax rate** | | **18.92%** |

## 3.2.7 Other information

### 3.2.7.1 Personnel costs

In the statement of net income, personnel expenses for the period are included in Overheads for €5.2 million, in Selling costs in the amount of €0.5 million, and in Managed hotel EBITDA for €30.7 million for the Hotel Operating properties business line.

At 31 December 2020, the headcount of fully consolidated companies (excluding companies in the Hotel Operating properties business line) was 24. This headcount is split between France (21 people), Spain (one person) and Luxembourg (two people).

The average headcount at 31 December 2020 for the Operating properties business was 1,074 people, down mainly due to the closure of hotels during the crisis, compared with 1,481 at 31 December 2019.

### 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.

| | 31/12/2020 | 31/12/2019 |
|---|---|---|
| **Net income Group share (in €K)** | **-337,396** | **352,262** |
| Average number of undiluted shares | 127,725,151 | 120,283,966 |
| Average number of diluted shares | 127,725,151 | 120,283,966 |
| **Earnings per share – undiluted** | **-2.64** | **2.93** |
| **Earnings per share – diluted** | **-2.64** | **2.93** |

### 3.2.7.3 Off-balance sheet commitments

#### 3.2.7.3.1 Commitments given (FC companies)

| Commitments given (€m) | Deadline | 31/12/2020 | 31/12/2019 | 31/12/2018 |
|---|---|---|---|---|
| **Commitments related to consolidated companies** | | **0.0** | **573.3** | **78.2** |
| Investment commitments | | 0.0 | 573.3 | 78.2 |
| Commitments given for specific transactions | | 0.0 | 0.0 | 0.0 |
| **Commitments related to financing** | | **1,977.4** | **1,822.4** | **2,146.5** |
| Financial guarantees given (CRD of pledged debt) | | 1,977.4 | 1,822.4 | 2,146.5 |
| **Commitments related to operating activities (A + B+ C)** | | **2,182.6** | **155.1** | **414.3** |
| Financial instruments contracted for the purpose of receipt or delivery of a non-financial item (own use contracts) | | 0.0 | 0.0 | 0.0 |
| **A- Commitments given related to business development** | | **2,094.2** | **6.6** | **40.5** |
| Work commitments outstanding on assets under development [(1)] | | 22.3 | 1.1 | 15.0 |
| Purchase commitments [(2)] | 2021 | 40.5 | 0.0 | 0.0 |
| Bank guarantees and other guarantees given | | 10.3 | 5.5 | 25.5 |
| **B- Commitments related to the implementation of operating contracts** | | **37.5** | **15.9** | **85.7** |
| Other contractual commitments given related to "Lease payments due" | 2,037 | 10.8 | 11.5 | 69.7 |
| Work commitments outstanding on investment properties [(3)] | | 26.6 | 4.4 | 16.2 |
| **C- Commitments related to asset disposals** | | **51.0** | **132.6** | **288.1** |
| Preliminary sale agreements given | | 51.0 | 132.6 | 288.1 |

(1) Commitments relating to work on assets under development.

| € millions | Cost of work budgets signed* | Amount of works accounted for | Amount of works commitments outstanding | Delivery date |
|---|---|---|---|---|
| Hotel Plaza Nice | 45.1 | 22.8 | 22.3 | 2021 |
| **GRAND TOTAL** | **45.1** | **22.8** | **22.3** | |

* The budgets signed for building works are monitored and updated regularly.

(2) commitment to acquire a hotel in Spain for €40.5 million.

(3) commitments relating to work on investment properties

| € millions | Cost of work budgets signed* | Amount of works accounted for | Amount of works commitments outstanding | Delivery date |
|---|---|---|---|---|
| Accor Hotels | 10.3 | 9.6 | 0.7 | 2021 |
| Accor Hotels 2021-2026 | 8.2 | 0.0 | 8.2 | 2026 |
| Hotel real estate (Roco) | 26.3 | 9.3 | 17.1 | 2022 |
| B&B Hotels | 57.5 | 56.8 | 0.7 | 2021 |
| **GRAND TOTAL** | **102.3** | **75.7** | **26.6** | |

* 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.

The Covivio Hotels group also signed a joint agreement to sell the Executive Barbera hotel (FDM Rocatierra) for €8 million, which is scheduled to expire in 2023.

### 3.2.7.3.2 Commitments given (Equity affiliates)

| Commitments given (€m) | Deadline | 31/12/2020 | 31/12/2019 |
|---|---|---|---|
| **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** | | **67.2** | **67.9** |
| Financial guarantees given (CRD of pledged debt) | | 67.2 | 67.9 |
| **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 | 31/12/2020 | 31/12/2019 | 31/12/2018 |
|---|---|---|---|---|
| **Commitments related to consolidated companies** | | **0.0** | **0.0** | **0.0** |
| **Commitments related to financing** | | **275.9** | **82.3** | **335.9** |
| Financial guarantees received (authorised lines of credit not used) | | 275.9 | 82.3 | 335.9 |
| **Commitments related to operating activities** | | **4,272.8** | **3,905.7** | **3,687.1** |
| Other contractual commitments received related to "rental income due" activities | | 3,643.8 | 2,692.0 | 2,982.4 |
| Assets received in pledge, mortgage or collateral, as well as guarantees received | | 488.6 | 498.0 | 298.8 |
| Other contractual commitments received related to business activities | | 0.0 | 4.3 | 8.5 |
| Preliminary sale agreements received = Preliminary sale agreements given | | 51.0 | 132.6 | 288.1 |
| Works commitments outstanding (fixed assets) = (2) + (3) of commitments given | | 40.7 | 5.5 | 31.1 |
| Acquisition commitments (fixed assets) | 2021 | 40.5 | 573.3 | 78.2 |

### Other contractual commitments received related to "rental income due" activities

| (€K at 100%) | 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 | NH Germany portfolio |
|---|---|---|---|---|---|---|---|---|---|
| in less than 1 year | 10,450 | 7,109 | 2,579 | 22,597 | 9,144 | 4,363 | 2,822 | 764 | 9,707 |
| From 1 to 5 years * | 53,840 | 36,629 | 13,287 | 116,426 | 47,114 | 22,480 | 14,541 | 3,938 | 50,015 |
| Over 5 years * | 44,327 | 80,597 | 15,980 | 143,940 | 179,009 | 80,076 | 76,667 | 10,493 | 126,674 |
| **TOTAL** | **108,617** | **124,335** | **31,846** | **282,963** | **235,268** | **106,919** | **94,030** | **15,195** | **186,396** |

* Underlying assumption: 1.5% increase.

| (€K at 100%) | NH Netherlands portfolio | Spain hotel real estate portfolio | Motel One | United Kingdom Hotels portfolio | Courtepaille restaurants | Jardiland garden centres | B&B Poland | MEININGER | Roco | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| in less than 1 year | 8,143 | 33,083 | 4,534 | 42,754 | 5,444 | 4,000 | 1,458 | 6,094 | 25,618 | 200,663 |
| From 1 to 5 years * | 41,954 | 98,198 | 23,360 | 220,279 | 26,751 | 20,468 | 7,513 | 31,396 | 131,993 | 960,180 |
| Over 5 years * | 99,126 | 293,291 | 31,262 | 898,336 | 23,759 | 23,687 | 35,395 | 53,851 | 266,494 | 2,482,966 |
| **TOTAL** | **149,222** | **424,572** | **59,157** | **1,161,369** | **55,954** | **48,155** | **44,366** | **91,341** | **424,106** | **3,643,810** |

* Underlying assumption: 1.5% increase.

### 3.2.7.3.4 Commitments received (Equity affiliates)

| Commitments received (€m) | Deadline | 31/12/2020 | 31/12/2019 |
|---|---|---|---|
| **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** | | **8.8** | **8.6** |
| 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 | | 8.8 | 8.6 |
| 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 Samoëns | Club Med da Balaia |
|---|---|---|---|---|
| **Conditions for renewal or purchase options** | **France**<br>• Lessor commitment to propose three renewals<br>• Notice of termination with a renewal offer to be sent 18 months before the end of the lease, six-month response period whether or not the lessee accepts it<br>• Renewal for 12 years with three-yearly exit option<br>**Belgium**<br>• Proposal for three renewals of 12 years under the same conditions as the initial lease<br>• The Lessee may issue a notice of termination with six months prior notice | • Two first renewals by the lessee<br>• Renewal for a firm term of ten years<br>• Request for renewal to be made by the lessee no later than 15 months before the end of the lease | • Lessor commitment to propose a renewal<br>• Notice of termination must be sent 18 months before the expiry date of the lease, failing which notice is not null but postponed to the applicable date<br>• Renewal for nine years, of which six years are firm for the first renewal, the following being in 3/6/9 years<br>• Compensation of €15 million if the lessee does not renew at the end of the initial lease<br>• Lessor can renew a furnished or unfurnished lease<br>• Renewal rent set at the most recent index rent (furnished or unfurnished) for the first three-year period then for the following periods at the VLM with cap and floor at 90/110 when renewing a furnished lease and 110/116 for an unfurnished lease<br>• Renewal rent at market rate from second renewal | • First renewal by the lessee (provided that the lessee is a CM member and requests it nine months before the end of the lease)<br>• Renewal rent set at the most recent index rent for a period of 15 years, of which eight years are firm |
| **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 change in the Construction Cost Index (ILC) | In line with the value of the Eurostat CPI index |
| **Term** | 12 years firm | 15 years firm | 12 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 | 100% of the Spanish CPI + variable rents depending on hotel results |
| **Term** | 45 years firm | 20 years firm | 1 to 35.6 years firm |

| Types of leases | B&B Hotels France | B&B Hotels Germany | B&B Hotels Spain |
|---|---|---|---|
| **Conditions for renewal or purchase options** | • Lessor commitment to propose two fixed-term renewals for 12 years<br>• 12 months' notice<br>• Third renewal for nine years (with the option to exit every three years)<br>• Renewal at the most recent index rent | Lux 1 to 3: Two renewal options for five years with the same conditions and charges<br>• Lux 4: an option for some assets, Zero for others<br>First refusal + Preferential right | Renewable twice for 15 years on the tenant's request |
| **Indexing clauses** | In line with the change in the Construction Cost Index (ILC) | 100% of the German CPI | 100% of the Spanish CPI |
| **Term** | 12 years firm | Lux 1-3: 29 years firm<br>Lux 4: between the ages of 29 and 33 + ten months firm | 22 years firm |

| Types of leases | Motel One Hotels Germany | B&B Hotels Germany 2 | B&B Hotels Germany 3 (LHM) |
|---|---|---|---|
| **Conditions for renewal or purchase options** | An option to renew at the end of the 25 years, for five years (at the discretion of the tenant, who must notify the lessor in writing 24 months before the end of the lease) | One or two renewal options for five years depending on the assets<br>First refusal + Preferential right | No renewal option<br>First refusal |
| **Indexing clauses** | 100% of the German CPI | 100% of the German CPI | 85% of the German CPI + variable depending on hotel results |
| **Term** | 25 years firm | 29 years firm | 31 years + 8 months firm |

| Types of leases | NH (Italy, Czech Republic, Hungary and France) | MEININGER France | Motel One Porte Dorée |
|---|---|---|---|
| **Conditions for renewal or purchase options** | Automatic renewal for 15 years upon expiry of the lease unless terminated by the lessee 18 months before the term expires.<br>First offer | • Lessor commitment to propose a renewal<br>• Notice of termination with renewal offer to be sent 24 months before the expiry of the lease, six months from the lessee.<br>• Term of the lease renewed by nine years firm on the same conditions and charges as the initial lease.<br>• For subsequent renewals, a notice period of 18 months must be respected. | • Lessor commitment to propose a renewal for a period of 12 years<br>• Offer of termination with renewal must be made 24 months before the end of the lease<br>• 18 months' notice required for non-renewal by the lessee |
| **Indexing clauses** | 100% of CPI (of the country) | In line with the change in the Construction Cost Index (ILC) | In line with the change in the Construction Cost Index (ILC) |
| **Term** | 15 years firm | 12 years firm | 25 years firm |

| Types of leases | NH Hotels Germany 1 | NH Hotels Germany 2 and Netherlands | NH Hotel Amsterdam Centre |
|---|---|---|---|
| **Conditions for renewal or purchase options** | Renewal at expiry<br>Four options for 10-year renewal<br>First offer | Renewal at expiry<br>Four options for 10-year renewal<br>First offer | Renewal at expiry<br>Four options for 10-year renewal<br>First offer |
| **Indexing clauses** | 75% German CPI | 100% CPI (of the country) | 100% Netherlands CPI |
| **Term** | 20.5 years firm | 20.5 years firm | 25 years firm |

| Types of leases | Hotels in the United Kingdom | B&B Hotels Poland |
|---|---|---|
| **Conditions for renewal or purchase options** | No renewal option<br>First offer | One automatic renewal for a period of six years, except in the event of termination by the lessee 24 months before the term.<br>First refusal |
| **Indexing clauses** | 100% of the English CPI | 100% of the Polish CPI |
| **Term** | 25 years firm | 24 years firm + 6 years per amendment |

| Types of leases | Courtepaille restaurants | Jardiland |
|---|---|---|
| **Conditions for renewal or purchase options** | • Notice for non-renewal by the lessee or the lessor must be sent 12 months before the expiry of the lease. If renewed rent is set at the most recent index rent for nine years with option to terminate each three years | • Lessor commitment to propose two renewals as long as the tenant is a member of the Jardiland group<br>• First renewal for nine years, of which six years are firm, second renewal for nine years with option to terminate each three years<br>• Renewal at the last indexed rent - nine months' notice for non-renewal before the lease expires |
| **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** | 6-12 or 12 years old firm | Leases for 6-12 years, 6-9-12 years or 12 years firm |

The firm residual duration of leases for Hotels in Europe was 14.2 years compared to 13.7 years at 31 December 2020.

### 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 | -1,706 | | | Remuneration of Management |
| Covivio Property | Group service provider | -1,323 | | | Board Property fees |
| Covivio | Group service provider | -6,034 | | | Network costs |
| Covivio SGP | General Manager OPCI B2 INVEST HOTEL | -200 | | | Consultancy services and management agreement |
| Covivio Immobilien GmbH | Group service provider | -785 | | | Network costs |
| IRIS (OPCI + Holding), OPCI Campinvest, SCI Dahlia and Phoenix | Equity affiliates | 1,940 | 944 | 62,595 | Asset and property fees, Loans |

### 3.2.7.5 Remuneration of executive officers

#### 3.2.7.5.1 Remuneration of executive officers and directors

| (€K) | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Directors | 38 | 27 |
| **Attendance fees** | **38** | **27** |

As at 31 December 2020, €38 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 Managing Partner and the Limited partner

The Managing Partner, Covivio Hotels Gestion, received €1.2 million excluding taxes for its work in respect of 2020. The terms of this remuneration are governed by Article 11 of the Articles of Association of Covivio Hotels.

In 2020, €500 thousand in preferred dividends was paid to the Limited partner, Covivio Hotels Gestion in respect of 2019. 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) | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| **Statutory Auditing, certification, review of company and consolidated accounts** | **625** | **503** | **46%** | **38%** | **687** | **784** | **51%** | **59%** | **34** | **47** | **3%** | **4%** |
| Issuer | 160 | 148 | 50% | 50% | 160 | 148 | 50% | 50% | | | | |
| Fully consolidated affiliates | 306 | 278 | 40% | 37% | 457 | 479 | 60% | 63% | 0 | 13 | | |
| Other fixed assets | 159 | 77 | 60% | 29% | 70 | 157 | 27% | | 34 | 34 | 13% | 13% |
| **Services other than certification of the financial statements (1)** | **22** | **30** | **30%** | **26%** | **51** | **84** | **70%** | **74%** | | | | |
| Issuer | 15 | 0 | 23% | 0% | 51 | 32 | 77% | 100% | | | | |
| Fully consolidated affiliates | 7 | 30 | 100% | 37% | 0 | 52 | 0% | 63% | | | | |
| Other fixed assets | | | | | | | | | | | | |
| **TOTAL** | **647** | **533** | **47%** | **37%** | **738** | **868** | **52%** | **60%** | **34** | **47** | **2%** | **3%** |

(1) Services other than certification of the financial statements performed in respect of fiscal year 2020 break down as follows:
CSR: €36 thousand
Other assignments: €37 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 2020.

| Company name | Registration number |
|---|---|
| Lagonda Russell Propco Ltd | 04216881 |
| Lagonda Palace PropCo Ltd | 04216858 |
| Roxburghe Investments Propco Ltd | 11395373 |
| George Hotel Investments Ltd | 05451630 |
| Grand Central Hotel Ltd | 06874981 |
| Blythswood Square Hotel Glasgow Ltd | SC294938 |
| The St David's Hotel Cardiff | 03299012 |
| Lagonda York PropCo Ltd | 04216868 |
| Lagonda Leeds PropCo Ltd | 04216823 |
| Wotton House Properties Ltd | 05965427 |
| Oxford Spires Hotel Ltd | 03629986 |
| Oxford Thames Propco Ltd | 02944262 |

| Company name | Registration number |
|---|---|
| Lagonda Russell HoldCo Ltd | 11372545 |
| Lagonda Palace HoldCo Ltd | 11373181 |
| Roxburghe Investments HoldCo Ltd | 11373207 |
| George Hotel Investments HoldCo Ltd | 11373156 |
| Grand Central Hotel HoldCo Ltd | 11373169 |
| Blythswood Square Hotel Glasgow HoldCo Ltd | 11372611 |
| The St David's Hotel Cardiff HoldCo Ltd | 11373224 |
| Lagonda York HoldCo Ltd | 11373188 |
| Lagonda Leeds HoldCo Ltd | 11373176 |
| Wotton House Properties HoldCo Ltd | 11373120 |
| Oxford Spires Hotel HoldCo Ltd | 11373198 |
| Oxford Thames HoldCo Ltd | 11372776 |

## 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.

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 accounts.

### 3.2.8.2 Tangible and intangible fixed assets

| 31/12/2019 (€K) | Hotels | | 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 | 6 | 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** | **35** | **101** | **263,816** | **928,159** | **1,192,110** |

| 31/12/2020 (€K) | Hotels | | Operating properties | | |
|---|---|---|---|---|---|
| | France | Rest of world | France | Rest of world | Total |
| Goodwill | 0 | 0 | 61,588 | 73,498 | 135,086 |
| Intangible fixed assets | 0 | 0 | 169 | 26 | 195 |
| Operating properties | 751 | 0 | 199,718 | 817,503 | 1,017,972 |
| Other fixed assets | 3,166 | 43 | 10,688 | 10,536 | 24,433 |
| Fixed assets in progress | 344 | 36 | 1,879 | 1,829 | 4,088 |
| **TOTAL** | **4,261** | **79** | **274,042** | **903,392** | **1,181,774** |



Goodwill decreased by €7.3m due to impairment tests on the assets of the Rock portfolio in Germany.

The portfolio of hotel properties in France increased by €12 million, to the €15.7 million upward adjustment to the purchase price allocated to Ruhl Côte d'Azur, which notably holds the Méridien de Nice.

### 3.2.8.3 Investment properties/Assets held for sale

| 31/12/2019 (€K) | Hotels | | Operating properties | | |
|---|---|---|---|---|---|
| | France | Rest of world | France | 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 |
| Assets under development | 9,930 | 0 | 0 | 0 | 9,930 |
| **TOTAL** | **1,961,648** | **3,102,814** | **0** | **0** | **5,064,462** |

| 31/12/2020 (€K) | Hotels | | Operating properties | | |
|---|---|---|---|---|---|
| | France | Rest of world | France | Rest of world | Total |
| Investment properties | 1,804,118 | 3,197,578 | 0 | 0 | 5,001,696 |
| Assets held for sale | 31,955 | 19000 | 0 | 0 | 50,955 |
| Assets under development | 50,914 | 0 | 0 | 0 | 50,914 |
| **TOTAL** | **1,886,987** | | **0** | | **5,103,565** |

The fall in appraisal values reduced hotel investment properties in France.

Hotel investment properties abroad increased, following the acquisition of the Roco portfolio despite the fall in appraisal values in the United Kingdom and the decline in the pound sterling.

Hotel properties abroad held for sale decreased following the disposals of the B&B portfolio in Germany in the second quarter of 2020.

The change in assets under development relates to the delivery of B&B Bagnolet in the third quarter of 2020 and the acquisition of Plaza Nice on 7 September 2020.

### 3.2.8.4 Financial liabilities

| 31/12/2019 (€K) | Hotels | 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** |

| 31/12/2020 (€K) | Hotels | Operating properties | Total |
|---|---|---|---|
| Long-term interest-bearing loans | 2,050,073 | 631,283 | 2,681,356 |
| Short-term interest-bearing loans | 223,337 | 5,223 | 228,560 |
| Long- and short-term rental liabilities | 215,878 | 26,439 | 242,317 |
| **TOTAL LT AND ST LOANS** | **2,489,288** | **662,945** | **3,152,233** |

Borrowings increased by €338 million after new debt drawdowns, including €258 million for the Operating properties portfolio and €175 million for the acquisition of the Roco portfolio.

Short-term borrowings include the reclassification of the Verdi bond debt (€187 million) which will be repaid in 2021. The rental liabilities of the hotel sector increased following the recognition of the Italian rental liabilities of the Roco portfolio (€16.9 million).

### 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.

| 31/12/2020 - (€K) | Hotels | Operating properties | Intercos Inter-sector | 31/12/2020 |
|---|---|---|---|---|
| Rental income | 151,296 | 0 | 0 | 151,296 |
| Unrecovered rental costs | -1,575 | -10 | 4 | -1,581 |
| Expenses on properties | -2,221 | -41 | 0 | -2,262 |
| Net losses on unrecoverable receivables | -14,265 | -197 | 0 | -14,462 |
| **Net Rental Income** | **133,235** | **-248** | **4** | **132,991** |
| Revenues of hotels under management | 161 | 89,192 | 0 | 89,353 |
| Operating expenses of hotels under management | -142 | -81,334 | 0 | -81,476 |
| **Managed hotel EBITDA** | **19** | **7,858** | **0** | **7,877** |
| Management and administration income | 13,368 | 387 | -11,427 | 2,328 |
| Business expenses | -10,882 | -1,618 | 11,222 | -1,278 |
| Overheads | -19,805 | -2,341 | 269 | -21,877 |
| **Net cost of operations** | **-17,319** | **-3,572** | **64** | **-20,827** |
| Depreciation of operating assets | -55 | -42,803 | 0 | -42,858 |
| Net change in provisions and other | 3,385 | 1,558 | -198 | 4,745 |
| **Operating income** | **119,265** | **-37,207** | **-130** | **81,928** |
| **Income from asset disposals** | **-1,252** | **-11** | **130** | **-1,133** |
| **Income from value adjustments** | **-327,627** | **0** | **0** | **-327,627** |
| **Income from disposal of securities** | **-18** | **-74** | **0** | **-92** |
| **Income from changes in scope** | **3540** | **-7,342** | **0** | **-3,802** |
| **Operating income (loss)** | **-206,091** | **-44,634** | **0** | **-250,725** |
| Cost of net financial debt | -46,442 | -11,762 | 0 | -58,204 |
| Interest charges on rental liabilities | -11,633 | -1,376 | 0 | -13,009 |
| Value adjustment on derivatives | -42,463 | -3,555 | 0 | -46,018 |
| Discounting of liabilities and receivables | 261 | 3 | 0 | 264 |
| Exceptional depreciation of loan issue costs | -168 | -39 | 0 | -207 |
| Share in income of equity affiliates | -13,509 | 0 | 0 | -13,509 |
| **Net income before tax** | **-320,045** | **-61,363** | **0** | **-381,409** |
| Deferred tax liabilities | 33,959 | 25,599 | 0 | 59,557 |
| Corporate income tax | -13,959 | 681 | 0 | -13,278 |
| **NET INCOME FOR THE PERIOD** | **-300,045** | **-35,083** | **0** | **-335,129** |

Net income for the Operating properties scope is less than the sum detailed in 3.2.8.6 primarily due to the fact that rental income (+ €0.3 million) and the change in fair value (+ €1.3 million) for the Nice Mercure hotel lease (investment property) were reclassified to the hotel segment.

The results of changes in the scope of consolidation of the Operating properties segment correspond to goodwill impairment.

For the Hotels segment, changes reflect advances on Roco acquisition costs recognised in this line in 2019 but ultimately included in the acquisition cost of the assets on the day of the final acquisition (September 2020).

| 31/12/2019 (€K) | Hotels | 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 [(1)] | -4,281 | -2,254 | 4,491 | -2,044 |
| Overheads | -20,442 | -2,256 | 226 | -22,472 |
| **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** | **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 [(2)] | -47,729 | -15,348 | 0 | -63,077 |
| Interest charges on rental liabilities | -11,482 | -1,404 | 0 | -12,886 |
| Value adjustment on derivatives | -50,315 | -1,097 | 0 | -51,412 |
| Discounting and foreign exchange income [(2)] | -496 | 0 | 0 | -496 |
| 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 |
| Corporate income tax | -4,750 | -8,058 | 0 | -12,808 |
| **Net income for the period from continuing operations** | **368,252** | **23,770** | **0** | **392,022** |
| **NET INCOME FOR THE PERIOD** | **368,252** | **23,770** | **0** | **392,022** |

(1) Operating expenses now include development costs. A reclassification of -€0.6 million was made for the fiscal year 2019.

(2) The item "Discounting and foreign exchange income" now includes a net -€0.5 million for foreign exchange gains and losses that were presented in the net cost of debt in 2019.

### 3.2.8.6 Operating properties income statement

The Operating properties business unit reported Gross Operating Income of €8.8 million as at 31 December 2020, compared with €80.1 million as at 31 December 2019.

The decrease in revenues of €143 million is mainly due to the closure of the majority of hotels during almost the entire second quarter of 2020. EBITDA was down by €61.9 million, (-93.5%) compared to 31 December 2019 due to hotel closures.

**Hotel business income statement (Hotel Operating properties) – USALI presentation.**

| Consolidated data (€K) | 31/12/2020 | 31/12/2019 | Chg.(€K) |
|---|---|---|---|
| **Revenues** | **89,181** | **232,252** | **-143,071** |
| Cost of sales | -17,033 | -40,452 | 23,419 |
| Personnel costs | -38,620 | -74,901 | 36,281 |
| A & G (Administration & General) | -8,188 | -11,149 | 2,961 |
| S & M (Sales & Marketing) | -5,699 | -10,901 | 5,202 |
| Other operating expenses | -10,842 | -14,748 | 3,906 |
| **Gross operating profit (GOP)** | **8,799** | **80,101** | **-71,302** |
| Management fees | 6,265 | -3,090 | 9,355 |
| Property taxes and others | -4,145 | -4,895 | 750 |
| Insurance | -1,389 | -1,313 | -76 |
| Consultancy fees | -5,229 | -4,556 | -673 |
| EBITDAR | 4,301 | 66,247 | -61,946 |
| Letting | -66 | -50 | -16 |
| EBITDA | 4,235 | 66,197 | -61,962 |
| Depreciation and provisions | -43,709 | -42,235 | -1,474 |
| Current net operating income | -39,474 | 23,962 | -63,436 |
| Net non-recurring income | -4,255 | 20,965 | -25,220 |
| Current operating income | -43,729 | 44,927 | -88,656 |
| Cost of net financial debt | -11,886 | -15,414 | 3,528 |
| Interest charges on rental liabilities | -1,376 | -1,404 | 28 |
| Changes in the fair value of financial instruments | -3,555 | -1,097 | -2,458 |
| Other financial income and expenses | 88 | -1,990 | 2,078 |
| Pre-tax income (loss) | -60,458 | 25,022 | -85,480 |
| Corporate income tax | 26,280 | 1,331 | 24,949 |
| Consolidated net income | -34,178 | 26,353 | -60,531 |
| Non-controlling interests | 452 | -1,169 | 1,621 |
| **NET INCOME GROUP SHARE** | **-33,727** | **25,184** | **-58,911** |

Consolidated net income of the Hotel Operating properties scope is slightly less (-€0.7 million) than that in the consolidated accounts 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.

EBITDA above is lower than that reported in the "Managed hotel EBITDA" line on the net income. This is because overheads are reported on their own line in the statement of segment net income.

Moreover, the income statement for Operating properties includes a pure real estate company business, for which the + €1.2 million change in fair value and the + €0.3 million increase in revenues are presented in the hotel segment (see 3.2.8.5).

## 3.2.9 Subsequent events

None

# 3.3 Statutory Auditors' report on the consolidated accounts

Year ended 31 December 2020

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 accounts of Covivio Hotels for the fiscal year ended 31 December 2020.

In our opinion, the consolidated accounts 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 accounts" 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 2020 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

The context of the global Covid-19 crisis creates special circumstances for the preparation of the financial statements for the year. The crisis and emergency health measures taken in response had multiple consequences for companies, particularly business volumes and financing, and cast increased doubts over future prospects. Some measures, such as travel restrictions and remote working, also impacted companies' internal operations and how audits could be conducted.

It is in this complex and evolving context that, pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key points of the audit relating to the risks of material misstatement which, in our professional judgment, were the most significant for the audit of the consolidated accounts for the year, as well as the responses we have provided to these risks.

These assessments were made as part of our audit of the consolidated accounts 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 consolidated accounts.

### Valuation of investment properties

| Risk identified | How the matter was addressed |
|---|---|
| Given the Covivio Hotels group's business, the fair value of investment properties represents 74% of the consolidated assets at 31 December 2020, *i.e.*, a total of €5,053 million.<br>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.<br>Note 3.2.5.1.1 to the consolidated accounts states that investment properties are subject to appraisals by independent real estate appraisers.<br>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.<br>In addition, the context of the Covid-19 crisis creates uncertainty about the estimates used for appraisal values. These estimates include assumptions on discount rates, yields and rental data that depend on changes in the hotel market, which may be different in the future.<br>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.<br>Our work also involved:<br>• 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<br>• 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<br>• 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<br>• analysing the valuation assumptions used by real estate appraisers, including discount rates, yields, rental data and rental values, by comparing them, in the context of the global Covid-19 crisis, with market data available<br>• 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<br>• 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 |
|---|---|
| Tangible fixed assets and goodwill represented a value of €1,182 million at 31 December 2020 compared with a total balance sheet of €6,806 million.<br>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 accounts specifies that these fixed assets are carried at historical cost less accumulated depreciation and any potential impairment.<br>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.<br>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.<br>The context of the Covid-19 crisis creates uncertainty about the estimates used for appraisal values. These estimates include assumptions on discount rates, capitalisation and hotel performance that depend on changes in the hotel market, which may be different in the future.<br>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.<br>Our procedures also involved:<br>• 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<br>• 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<br>• 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 in the context of Covid-19<br>• evaluating the valuation assumptions used by the real estate appraisers, in particular discounting and capitalisation rates by comparing them against available market data<br>• 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<br>• 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<br>• recalculating, on a sample basis, the allocations to and reversal of impairment allowances calculated in the Company's consolidated accounts. |

## 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 accounts.

## Other verifications or reporting envisaged by law and regulations

### Format of the consolidated accounts intended to be included in the annual financial report

In accordance with III of article 222–3 of the AMF General Regulation, the management of your company has informed us of its decision to postpone the application of the single electronic information format as defined by the delegated European regulation no. ° 2019/815 from 17 December 2018 to fiscal years beginning on or after 1 January 2021. Consequently, this report does not include a conclusion on compliance with this format in the presentation of the consolidated accounts intended to be included in the annual financial report mentioned in I of Article L. 451-1-2 of the French Monetary Code, and financial.

### 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 2020, MAZARS was in the seventeenth straight year of its engagement and ERNST & YOUNG et Autres in the eighth 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 accounts

Management is responsible for the preparation and fair presentation of the consolidated accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, 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 accounts were approved by the Management Board.

## Statutory Auditors' responsibilities relating to the audit of the consolidated accounts

### Objectives and audit process

We are tasked with preparing a report on the consolidated accounts. Our objectives are to obtain reasonable assurance about whether the consolidated accounts 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 accounts.

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 accounts, 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 accounts
- 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 consolidated accounts or, if such information is not provided or is not relevant, the auditor formulates a qualified audit opinion or a disclaimer of opinion
- evaluate the overall presentation of the consolidated accounts, and whether the consolidated accounts 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 accounts. We are responsible for the direction, supervision and performance of the audit of the consolidated accounts 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 accounts 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.

Courbevoie and Paris-La Défense, 25 February 2021

The Statutory Auditors

| MAZARS | ERNST & YOUNG et Autres |
|---|---|
| Claire Gueydan | Anne Herbein |

# 3.4 Company financial statements as at 31 December 2020

## 3.4.1 Balance sheet

Assets

| (€K) | Note 3.5 | 31/12/2020 Gross | Depreciation, Amortisation & Provisions | 31/12/2020 Net | 31/12/2019 Net |
|---|---|---|---|---|---|
| **Intangible fixed assets** | | **0** | **0** | **0** | **0** |
| Tangible fixed assets: | 3.1.1 | 631,104 | 222,785 | 408,319 | 444,597 |
| Land | | 155,776 | 4,372 | 151,404 | 164,191 |
| Buildings | | 469,303 | 218,405 | 250,898 | 273,435 |
| Other tangible fixed assets | | 22 | 8 | 14 | 15 |
| Tangible fixed assets in progress | | 6,003 | 0 | 6,003 | 6,956 |
| Advances and pre-payments | | 0 | 0 | 0 | 0 |
| **Financial Assets** | | **3,960,958** | **39,779** | **3,921,179** | **3,666,053** |
| Equity investments | 3.1.2 | 2,276,050 | 39,779 | 2,236,271 | 1,967,780 |
| Other securities | 3.1.4 | 209 | 0 | 209 | 86 |
| Receivables linked to investments & Loans | 3.1.3 | 1,684,686 | 0 | 1,684,686 | 1,698,177 |
| Deposits and guarantees | | 13 | 0 | 13 | 10 |
| **Total I – Fixed assets** | **3.1** | **4,592,062** | **262,564** | **4,329,498** | **4,110,650** |
| **Inventories and work-in-progress** | | **0** | **0** | **0** | **0** |
| **Advances and pre-payments on orders** | | **0** | **0** | **0** | **0** |
| **Operating receivables:** | **3.2.1/3.2.2** | **66,001** | **3,332** | **62,669** | **39,827** |
| Trade receivables and related accounts | | 10,350 | 3,332 | 7,018 | 4,625 |
| Current accounts | | 52,242 | 0 | 52,242 | 30,689 |
| Other receivables | | 3,409 | 0 | 3,409 | 4,513 |
| **Marketable securities** | | **0** | **0** | **0** | **0** |
| **Cash and cash equivalents** | | **26,360** | **0** | **26,360** | **21,919** |
| **Prepaid expenses** | **3.2.3** | **20,527** | **0** | **20,527** | **21,569** |
| **Treasury instruments** | **3.2.4** | **89** | **0** | **89** | **159** |
| **Total II – Current assets** | **3.2** | **112,977** | **3,332** | **109,645** | **83,474** |
| Deferred expenses (III) | 3.2.3 | 12,321 | 0 | 12,321 | 14,302 |
| Bond redemption premiums (IV) | 3.2.3 | 1,013 | 0 | 1,013 | 1,227 |
| Unrealised foreign exchange losses (V) | 3.2.3 | 7,579 | 0 | 7,579 | 18,843 |
| **GRAND TOTAL (I + II + III + IV + V)** | | **4,725,952** | **265,896** | **4,460,056** | **4,228,496** |

### Liabilities

| (€K) | Note 3.5 | 31/12/2020 | 31/12/2019 |
|---|---|---|---|
| **Shareholders' equity:** | | **2,036,374** | **1,856,098** |
| Capital [of which €530,191 thousand paid] | | 530,191 | 484,147 |
| Issue premium, merger premium and additional paid-in capital | | 1,506,183 | 1,371,951 |
| **Reserves and retained earnings:** | | **86,319** | **85,176** |
| Legal reserve | | 53,019 | 47,228 |
| Retained earnings | | 33,300 | 37,948 |
| Net income for the fiscal year | | 168,212 | 184,275 |
| Regulated provisions | | 5,224 | 4,390 |
| **Total I – shareholders' equity** | **3.3** | **2,296,129** | **2,129,939** |
| **Other equity** | | **0** | **0** |
| **Total I b – Equity** | | **0** | **0** |
| Provisions for contingencies | | 843 | 7,435 |
| Provisions for losses | | 245 | 168 |
| **Total II – Provisions for risks and charges** | **3.4** | **1,088** | **7,603** |
| **Liabilities** | | | |
| **Financial payables:** | | **2,135,966** | **2,072,192** |
| Other bonds | *3.5.1* | 741,627 | 741,586 |
| Borrowings and debt to credit institutions (1) | *3.5.2* | 1,273,686 | 1,147,215 |
| Other sundry loans and borrowings | *3.5.3* | 120,653 | 183,391 |
| **Advances and pre-payments received** | | **0** | **0** |
| **Operating payables:** | | **9,314** | **4,549** |
| Trade payables and related accounts | | 6,499 | 2,697 |
| Tax and social security liabilities | *3.5.4* | 2,815 | 1,852 |
| Other operating payables | | 0 | 0 |
| **Sundry liabilities:** | | **7,749** | **1,688** |
| Debt on fixed assets and related accounts | *3.5.5* | 574 | 875 |
| Other liabilities | *3.5.6* | 7,175 | 813 |
| **Pre-booked income** | | **0** | **0** |
| **Treasury instruments** | **3.5.7** | **232** | **324** |
| **Total III – Current liabilities** | **3.5** | **2,153,261** | **2,078,753** |
| Unrealised foreign exchange gains (IV) | *3.5.10* | 9,578 | 12,201 |
| **GRAND TOTAL (I + I BIS + II + III + IV)** | | **4,460,056** | **4,228,496** |
| (1) Of which current bank borrowings and bank overdraft | | 12,439 | 18,558 |

## 3.4.2 Income statement

| (€K) | Note 3.5 | 31/12/2020 | 31/12/2019 | Change (%) |
|---|---|---|---|---|
| Sales [Rental income] | | 46,651 | 76,038 | |
| **Net revenues** | **4.1.1** | **46,651** | **76,038** | |
| Reversals of provisions, impairment and transferred expenses | 4.1.2 | 2,695 | 1,059 | |
| Other income | | 120 | 51 | |
| **Total I – Operating income** | | **49,466** | **77,148** | **-35.88%** |
| Other purchases and external expenses | | 14,043 | 13,914 | |
| Taxes and related payments | | 5,555 | 5,947 | |
| Salaries and benefits | | 3,117 | 4,557 | |
| Social charges | | 1,408 | 1,178 | |
| Depreciation, amortisation and provisions | | | | |
| On fixed assets: depreciation and amortisation charges | | 18,659 | 18,338 | |
| On fixed assets: impairment charges | | 3,576 | 1,789 | |
| On current assets: impairment charges | | 3,332 | 0 | |
| Provisions for financial risks and charges | | 76 | 250 | |
| Other expenses | | 216 | 117 | |
| **Total II – Operating expenses** | **4.1.3** | **49,982** | **46,090** | **8.44%** |
| **1. Operating income (I-II)** | **4.1** | **- 516** | **31,058** | **-101.66%** |
| 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 | 161,327 | 204,907 | |
| From other marketable securities and fixed asset receivables | | 43,033 | 46,576 | |
| Other interest and similar income | | 13,892 | 13,973 | |
| Reversals of provisions, impairment and transferred expenses | 4.2.2 | 6,258 | 219 | |
| Positive exchange differences | 4.2.3 | 66 | 1,717 | |
| Net income from disposal of marketable securities | | 0 | 0 | |
| **Total V – Financial income** | | **224,576** | **267,392** | **-16.01%** |
| **Financial expenses:** | | | | |
| Impairment, amortisation and provisions | | 39,957 | 51,799 | |
| Interest and similar expenses | | 68,117 | 69,138 | |
| Negative exchange differences | 4.2.3 | 1,409 | 1,512 | |
| Net expenses from disposal of marketable securities | | 0 | 0 | |
| **Total VI – Financial expenses** | | **109,483** | **122,449** | **-10.59%** |
| **2. Net financial income (V-VI)** | **4.2** | **115,093** | **144,943** | **-20.59%** |
| **3. Net income from ordinary operations before tax (I-II + III-IV + V-VI)** | | **114,577** | **176,001** | **-34.90%** |
| **Non-recurring income:** | | | | |
| On management transactions | | 0 | 300 | |
| On capital transactions | | 34,321 | 18,225 | |
| Reversals of provisions, impairment and transferred expenses | | 45,219 | 168 | |
| **Total VII – Non-recurring income** | **4.3** | **79,540** | **18,693** | **325.51%** |
| **Non-recurring expenses:** | | | | |
| On management transactions | | 32 | 910 | |
| On capital transactions | | 24,559 | 8,690 | |
| Impairment, amortisation and provisions | | 1,314 | 773 | |
| **Total VIII – Non-recurring expenses** | **4.3** | **25,905** | **10,373** | **149.74%** |
| **4. Net non-recurring income (VII-VIII)** | **4.3** | **53,635** | **8,320** | **544.68%** |
| Employee profit-sharing (IX) | | 0 | 46 | |
| Corporate income tax (X) | 4.4 | 0 | 0 | |
| **Total income (I + III + V + VII)** | | **353,582** | **363,233** | **-2.66%** |
| **Total expenses (II + IV + VI + VIII + IX + X)** | | **185,370** | **178,958** | **3.58%** |
| **NET INCOME (+) OR LOSS (-)** | | **168,212** | **184,275** | **-8.72%** |

# 3.5 Notes to the company financial statements

## 3.5.1 Significant events of the year

### 3.5.1.1 Covid-19 impact

The spread of the Coronavirus on Covivio Hotels' variable-income hotels in France (rents vary based on the revenues generated by the operator), had an immediate impact on the Company's revenues due to the decrease in hotel occupancy.

At the end of 2020, the Company's variable revenues represented 33% of its revenues. A 10% decrease in Accor rents leads to a €900 thousand decrease and a 20% decrease in Accor rent leads to a €1,900 thousand decrease.

As of 31 December 2020, 42 hotels in the Accor portfolio are currently open and one is closed.

### 3.5.1.2 Acquisitions of real estate assets, works and developments

On 18 June 2020, Covivio Hotels bought the rights to the long-term lease of the land for the historic Ibis Strasbourg Centre for €4,266 thousand.

### 3.5.1.3 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 31/12/2019 |
|---|---|---|---|---|
| Courtepaille Beziers | 1,161 | 1,000 | -161 | 1,000 |
| Jardiland Anse | 1,961 | 2,956 | 995 | 2,980 |
| Jardiland Bassussary | 4,173 | 6,990 | 2,817 | 6,930 |
| Jardiland Bourges | 5,836 | 8,800 | 2,964 | 9,490 |
| Jardiland Dunkirk | 1,844 | 2,873 | 1,029 | 2660 |
| Jardiland Lescure d'Albigeois [(1)] | 1,045 | 0 | -1,045 | 311 |
| Jardiland Nîmes | 5,140 | 6,950 | 1,810 | 6,560 |
| Jardiland Saintes | 3,158 | 4,700 | 1,542 | 4,550 |
| **TOTAL** | **24,318** | **34,269** | **9,951** | **34,481** |

(1) The construction lease between Foncière Otello (lessor) and Covivio Hotels (lessee) for this asset expired on 23 January 2020. The buildings were therefore transferred from Covivio Hotels to be recognised by Foncière Otello at market value. This transaction was made without compensation.

### 3.5.1.4 Acquisitions of equity investments

Equity investments rose sharply (+ €263,495 thousand). This was mainly due to the increase in the value of the equity investments in Murdelux following the capital increase to finance the acquisition of a portfolio of eight hotels leased to NH Hotels located in several European cities for a total of €270,053 thousand.

### 3.5.1.5 Capital Increase

The general meeting held on 7 May 2020 voted to offer each shareholder the option to take their dividend in cash or in shares.

On this occasion, 98.6% of the shareholders chose the payment of the dividend in shares, resulting in the creation of 11,510,983 new fully paid-up shares for a gross amount of €184,981 thousand (€184,880 thousand net of fees), broken down by expenses in par value of €46,044 thousand and in issue premium of €138,937 thousand.

### 3.5.1.6 Debt refinancing

Covivio Hotels raised €325,000 thousand in medium and long-term financing, including debt of €250,000 thousand to secure the acquisition of a hotel portfolio in Italy, France, Hungary and the Czech Republic.

### 3.5.1.7 Hedge restructuring

During the period, Covivio Hotels cancelled and restructured its hedging instruments to tailor its hedging profile to 2020 disposals and refinancing transactions, in return for an equalisation payment of €10,002 thousand, which was spread in full over the term.

At 31 December 2019, Covivio Hotels was no longer in a position of over-hedging.

At 31 December 2020, some derivative instruments, considered as isolated open positions (IOP) until 31 December 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. Covivio Hotels was not over-hedged as of 31 December 2020.

### 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' financial statements were audited for the 2010/2011, 2012/2013/2014 and 2015 fiscal years, which resulted in a reassessment proposal for the CVAE in the amount of €1.2 million, €1.1 million and €0.2 million respectively. These adjustments were the subject of litigation which led to a ruling by the Administrative Court of Appeal in favour of Covivio Hotels and Foncière Otello, which quashed the court's judgement and found against the tax authorities. As the authorities did not appeal against this judgement, for which no provisions had been taken, the cases were definitively closed on 31 December 2020.

## 3.5.2 Accounting policies and methods

Covivio Hotels is the parent company of the Covivio Hotels Group, and draws up its consolidated accounts according to IFRS. Its registered office is at 30, avenue Kleber – 75116 Paris. It is registered in the Paris Trade and Companies Register under number 955 515 895. The consolidated accounts 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 accounts 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 |
| Outdoor facilities | 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 recognised when the appraisal value has been less than the net book value for more than two consecutive years.

When impairment is recognised, it is monitored 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 Doubtful trade receivables and impairments

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.

Given the widespread use of support measures (almost non-existent before Covid), the Company opted to spread rents over the term of the lease. This change in accounting method makes the financial statements easier to read. The spreading of rent exemptions involves recognising a receivable which is progressively settled until the end of the lease, allowing the Company to report a constant rent over the period.

### 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 | 1.169913 |
| Closing rate | 1 | 1.105734 |

### 3.5.2.7 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.

### 3.5.2.8 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.

### 3.5.2.9 Provisions for financial liabilities 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.

### 3.5.2.10 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.

### 3.5.2.11 Deferred expenses

Deferred expenses correspond to the issue cost of borrowings and are amortised over the loan period.

### 3.5.2.12 Bond redemption premium

These are amortised over the life of the bond.

### 3.5.2.13 Revenues

Retail portfolios are paid monthly in advance or in arrears.

For hotels, it is normally quarterly in advance, calculated on the basis of the previous year's revenues. An accounting adjustment are carried out at year-end to reflect revenues for the fiscal year.

Following the health crisis and various negotiations, Accor invoices were billed in monthly instalments based on actual revenues from the 1 April 2020 and until 31 December 2020.

Revenues for the period comprise rental income received during the period.

Since the 1 January 2020, rent-free periods recognised in the company financial statements and their settlement is smoothed over the residual term leases. The rent relief is therefore gradually extinguished until the end of the lease or when the asset is sold.

### 3.5.2.14 Income Taxes

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

| | | | Increases | | Decreases | | |
|---|---|---|---|---|---|---|---|
| (€K) | Note 3.5 | Gross amount at 31/12/2019 | Acquisition and works | Transfers | Disposals and other subtractions | Transfers | Gross amount at 31/12/2020 |
| **Intangible fixed assets** | | **0** | **0** | **0** | **0** | **0** | **0** |
| **Tangible fixed assets** | | **662,451** | **5,523** | **2,210** | **36,870** | **2,210** | **631,104** |
| • Land | 3.1.1 | 166,368 | 4,266 | 0 | 14,858 | 0 | 155,776 |
| • Buildings | 3.1.1 | 489,105 | 0 | 2,210 | 22,012 | 0 | 469,303 |
| • Other tangible fixed assets | | 22 | 0 | 0 | 0 | 0 | 22 |
| • Fixed assets in progress | 3.1.1 | 6,956 | 1,257 | 0 | 0 | 2,210 | 6,003 |
| **Financial Assets** | | **3,710,828** | **588,352** | **0** | **338,222** | **0** | **3,960,958** |
| • Equity investments | 3.1.2 | 2,012,555 | 280,967 | 0 | 17,472 | 0 | 2,276,050 |
| • Loans | 3.1.3 | 1,698,177 | 306,169 | 0 | 319,660 | 0 | 1,684,686 |
| • Long-term securities | 3.1.4 | 86 | 1,213 | 0 | 1,090 | 0 | 209 |
| • Other non-current financial assets | | 10 | 3 | 0 | 0 | 0 | 13 |
| **TOTAL FIXED ASSETS** | | **4,373,279** | **593,875** | **2,210** | **375,092** | **2,210** | **4,592,062** |

#### 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:
  - €4,266 thousand: Acquisition of the rights to the long-term lease of the land for the historic Ibis Strasbourg Centre
  - €1,257 thousand: work on Accor assets
- commissioning in the following amounts:
  - €905 thousand: work on Accor assets
  - €877 thousand: delivery of the MEININGER Lyon Zimmermann hotel on 2 October 2019
  - €428 thousand: delivery of the MEININGER Porte de Vincennes hotel on 29 October 2019
- removals from fixed assets in the following amounts:
  - €33,873 thousand: sale of seven Retail portfolio assets
  - € 2,392 thousand: end of construction lease for a retail asset on 23 January 2020, construction resumed by the lessor
  - €605 thousand: scrapping following replacement of certain components.

#### 3.5.3.1.2 Change in equity investments

The positive change in equity securities is mainly due to the capital increase without the issuance of new securities in Murdelux for €270,053 thousand following the acquisition of a portfolio of eight hotels leased to NH Hotels in several European cities:

| Company | Value of securities (in €K) |
|---|---|
| **AMOUNT AT 31/12/2019** | **2,012,555** |
| **Acquisition of securities and other assets** | |
| Murdelux | 270,053 |
| Constance | 10,914 |
| **Total increase of securities following acquisition** | **280,967** |
| **Capital reduction** | |
| OPCI B2 | 17,472 |
| **Total capital reduction** | **17,472** |
| **AMOUNT AT 31/12/2020** | **2,276,050** |

### 3.5.3.1.3 Details of loans

The loans consist of:

| Type of loan | (€K) |
|---|---|
| Loans to subsidiaries | 1,667,544 |
| Accrued interest on loans | 14,639 |
| Accrued interest on swaps | 2,503 |
| **TOTAL** | **1,684,686** |

The breakdown of loans to subsidiaries is as follows:

| (€K) | Outstanding principal due at 31/12/2020 | Accrued interest at 31/12/2020 | Outstanding principal due at 31/12/2019 |
|---|---|---|---|
| Murdelux (1) (4) | 781,173 | 1,723 | 562,692 |
| Investment FDM Rocatierra | 227,600 | 4,861 | 227,600 |
| Constance | 148,781 | 5,035 | 141,550 |
| SNC Foncière Otello | 146,781 | 509 | 146,781 |
| FDM M Lux (2) | 138,337 | 0 | 387,986 |
| SCI Rosace | 37,500 | 0 | 37,500 |
| OPCI Oteli | 35,031 | 76 | 33,785 |
| LHM Holding Lux | 28,960 | 337 | 28,960 |
| Ingrid France (3) | 26,735 | 192 | 0 |
| SAS Kombon | 19,949 | 43 | 19,949 |
| B&B Invest Lux 4 | 17,580 | 894 | 17,580 |
| Samoëns | 14,665 | 176 | 15,667 |
| Bardiomar | 8,798 | 164 | 8,798 |
| Ruhl Côte d'Azur | 8,500 | 0 | 8,500 |
| SCI Porte Dorée | 7,747 | 218 | 7,747 |
| SAS Iris Holding France | 6,745 | 141 | 6,745 |
| SNC Hotel 37 René Clair | 6,700 | 0 | 6,700 |
| B&B Invest Espagne | 5,962 | 270 | 5,962 |
| B&B Invest Lux 1 (4) | 0 | 0 | 5,465 |
| B&B Invest Lux 2 (4) | 0 | 0 | 4,650 |
| B&B Invest Lux 3 (4) | 0 | 0 | 4,370 |
| MO Lux (4) | 0 | 0 | 2,064 |
| **TOTAL** | **1,667,544** | **14,639** | **1,681,051** |

(1) The change in loans with Murdelux is attributable to:

| (€K) | 2020 | 2019 | Change | Loans/comments features |
|---|---|---|---|---|
| UK loans portfolio: | 326,544 | 345,498 | -18,954 | |
| *Acquisition portfolio in 2018* | *483,477* | *483,477* | *0* | *Signed on 18/07/18 – rate 3% – term 8 years* |
| *Repayment* | *-189,179* | *-189,179* | *0* | *Restructuring at 01/01/2019* |
| *Acquisition Oxford in 2019* | *34,123* | *34,123* | *0* | *Additional draw-down on 12/02/19* |
| *Impact of the currency gains and losses* | *-1,877* | *17,077* | *-18,954* | *Translation at closing rate (i.e. at 31/12/19: £1 = €1,169913 against £1 = €1.105734 at 31/12/19)* |
| Roco portfolio loan | 229,687 | 0 | 229,687 | Signed on 02/09/20 – rate 2.26% – term 7 years |
| Kempense Meren loans | 26,375 | 26,375 | 0 | Signed on 01/01/19 – rate 4.39% – term 3.5 years |
| H Invest lux loans 1 | 25,500 | 25,500 | 0 | Signed on 01/01/19 – rate 4.99% – term 4 years |
| Portmurs loans | 24,037 | 24,037 | 0 | Signed on 01/01/12 – rate 4.94% – term 8 years |
| LHI2 loans (Netherlands options) | 23,984 | 23,984 | 0 | Signed on 27/12/18 – rate 3.61% – term 7 years |
| NH Amsterdam loans | 21,590 | 21,590 | 0 | Signed on 05/06/14 – rate 5% – term 7 years |
| Loans for investment in Poland | 17,735 | 17,735 | 0 | Signed on 22/10/19 and 06/12/19 - interest rate 2.6% and 2.71% - duration 7 years |
| H Invest lux loans 2 | 17,200 | 17,200 | 0 | Signed on 01/01/19 – rate 5.11% – term 6 years |
| Ringer (Hotel Munich) loans | 17,000 | 17,000 | 0 | Signed on 07/07/15 – rate 5% – term 6.5 years |
| Sunparks loans | 9,724 | 9,724 | 0 | Signed on 01/01/19 – rate 4.93% – term 3 years |
| New loans LHI2 | 9,639 | 9,639 | 0 | Signed on 29/03/19 – rate 3.61% – term 7 years |
| B&B lux loans 5 | 8,200 | 8,200 | 0 | Signed on 01/01/19 – rate 5.09% – term 3.5 years |
| Mo lux loan 1 | 6,800 | 6,800 | 0 | Signed on 01/01/19 – rate 5.12% – term 3 years |
| B&B lux loans [1] | 5,465 | 0 | 5,465 | Loan restructuring on 10/12/20. Signed on 10/12/20 – rate 2.39% – term 7 years |
| B&B lux loans 2 [(1)] | 4,650 | 0 | 4,650 | Loan restructuring on 10/12/20. Signed on 10/12/20 – rate 2.4% – term 7 years |
| B&B lux loans 3 [(1)] | 4,370 | 0 | 4,370 | Loan restructuring on 10/12/20. Signed on 10/12/20 – rate 2.4% – term 7 years |
| Mo lux loan 1 [(1)] | 2,063 | 0 | 2,063 | Loan restructuring on 10/12/20. Signed on 10/12/20 – rate 2.39% – term 7 years |
| Acquisition Jouron loans | 610 | 610 | 0 | Signed on 01/07/19 – rate 1.56% – term 30 years |
| B&B lux loans 6 | 0 | 8,800 | -8,800 | Signed on 01/01/19 – rate 5.09% – term 3.5 years |
| **TOTAL** | **781,173** | **562,692** | **218,481** | |

(2) Partial repayment of the loan signed with FDM M Lux in 2019 which had been set up to allow the Propco Rock subsidiaries to repay their Natixis bank debt. The amount of the repayment was €257,230 thousand.

(3) Signature of a new €56,407 thousand 7-year loan with Ingrid France on 7 September 2020, of which €26,735 thousand was drawn in 2020. This loan is intended to meet cash requirements (loan associated with its subsidiary Immobilière Verdun, payment of a reserve distribution, repayment of an existing loan).

(4) The loans granted to B&B Lux 1, 2 and 3 as well as to Mo Lux 1 were fully repaid to Covivio Hotels. New loans for the same amounts were signed directly between Murdelux and its subsidiaries.

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 2021 at the earliest to June 2050 at the latest, is stipulated in the agreement.

### 3.5.3.1.4 Breakdown of other long-term securities

| (€K) | 31/12/2019 | Increase | Decrease | 31/12/2020 |
|---|---|---|---|---|
| Treasury shares | 86 | 1,213 | 1,090 | 209 |
| **TOTAL** | **86** | **1,213** | **1,090** | **209** |

At 31 December 2020, the company held 12,691 treasury shares under a liquidity agreement, *i.e.* a total amount of €209 thousand.

**Change in amortisation, depreciation and provisions**

The table of depreciation, amortisation and impairment is presented below:

| (€K) | Note 3.5 | Increases 31/12/2019 | Increases Charges | Decreases Transfers | Decreases Disposals and other subtractions | 31/12/2020 |
|---|---|---|---|---|---|---|
| **Impairment of intangible fixed assets** | | **0** | **0** | | **0** | **0** |
| **Depreciation and impairment of tangible fixed assets** | | **217,854** | **18,834** | **0** | **13,903** | **222,785** |
| • Buildings | | 213,820 | 15,325 | 0 | 12,963 | 216,182 |
| • Other tangible fixed assets | | 7 | 1 | 0 | 0 | 8 |
| • Impairment/land and buildings | 3.1.5 | 4,027 | 3,508 | 0 | 940 | 6,595 |
| Impairment of financial assets | | 44,775 | 39,743 | 0 | 44,739 | 39,779 |
| • Equity investments | 3.1.6 | 44,775 | 39,743 | 0 | 44,739 | 39,779 |
| **TOTAL** | | **262,629** | **58,577** | **0** | **58,642** | **262,564** |

### 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) | 31/12/2019 | Charges | Reversals of provisions | 31/12/2020 |
|---|---|---|---|---|
| Jardiland Blois | 1,125 | 85 | 0 | 1,210 |
| Courtepaille Bourg en Bresse | 266 | 292 | 0 | 558 |
| Courtepaille Les Ulys | 193 | 347 | 0 | 540 |
| Courtepaille Marcq-en-Baroeul | 471 | 67 | 0 | 538 |
| Courtepaille Évry | 164 | 334 | 0 | 498 |
| Courtepaille La Charité sur Loire | 0 | 436 | 0 | 436 |
| Courtepaille Marne La Vallée | 212 | 160 | 0 | 372 |
| Courtepaille Evreux | 0 | 346 | 0 | 346 |
| Courtepaille Creteil | 0 | 307 | 0 | 307 |
| Courtepaille Limoges Beaubreuil | 0 | 276 | 0 | 276 |
| Courtepaille Meaux | 225 | 27 | 0 | 252 |
| Courtepaille Lille Villeneuve | 186 | 31 | 0 | 217 |
| Courtepaille Villemandeur | 0 | 199 | 0 | 199 |
| Jardiland Naveil | 0 | 172 | 0 | 172 |
| Courtepaille La Plaine Saint Denis | 0 | 167 | 0 | 167 |
| Courtepaille Lille Mouvaux | 177 | 0 | 27 | 150 |
| Courtepaille Heillecourt | 0 | 148 | 0 | 148 |
| Courtepaille Fresnes Montauban | 79 | 63 | 0 | 142 |
| Jardiland Chateaudun | 16 | 51 | 0 | 67 |
| Courtepaille Beziers | 176 | 0 | 176 | 0 |
| Jardiland Albi | 737 | 0 | 737 | 0 |
| **TOTAL** | **4,027** | **3,508** | **940** | **6,595** |

### 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) | 31/12/2019 | Charges | Reversals of provisions | 31/12/2020 |
|---|---|---|---|---|
| FDM M Lux [1] | 44,739 | 20,521 | 44,739 | 20,521 |
| Constance [2] | 0 | 10,770 | 0 | 10,770 |
| Bardiomar | 0 | 4,730 | 0 | 4,730 |
| Oteli | 0 | 2,391 | 0 | 2,391 |
| LHM Holding Lux | 36 | 1,285 | 0 | 1,321 |
| Foncière Manon | 0 | 46 | 0 | 46 |
| **TOTAL** | **44,775** | **39,743** | **44,739** | **39,779** |

(1) The reversal of €44,739 thousand corrects the miscalculation of an allowance taken for the fiscal year 2019. The net book value of FDM M Lux's equity securities as of 31 December 2019 would have been €379,096 thousand.

(2) Constance is subject to a provision for impairment of securities following the decrease in the fair value of the Rock Opco sub-level assets and the decrease in their equity.

## 3.5.3.2 Current Assets

### 3.5.3.2.1 Breakdown of receivables by maturity

The balance of receivables at 31 December 2020 of €10,350 thousand corresponds to receivables not yet due for €6,355 thousand and €3,995 thousand of doubtful loans.

| (€K) | Gross amount at 31/12/2020 | Less than 1 year | More than 1 year | Gross amount at 31/12/2019 |
|---|---|---|---|---|
| Trade receivables and related accounts | 10,350 | 8,561 | 1,789 | 4,625 |
| Trade receivables | 6,376 | 6,376 | 0 | 324 |
| Rent-free periods [1] | 1,975 | 186 | 1,789 | 0 |
| Invoices to be issued | 1,972 | 1,972 | 0 | 4,274 |
| Expenses that may be recovered from tenants | 27 | 27 | 0 | 27 |
| Current accounts | 52,242 | 52,242 | 0 | 30,689 |
| Other receivables | 3,409 | 3,409 | 0 | 4,513 |
| Miscellaneous receivables | 1,637 | 1,637 | 0 | 150 |
| VAT receivables | 1,230 | 1,230 | 0 | 1,261 |
| Tax receivables [2] | 542 | 542 | 0 | 3,102 |
| **TOTAL** | **66,001** | **64,212** | **1,789** | **39,828** |

(1) Change of method: for better visibility of the financial statements, given the widespread use of support measures for additional clauses or leases, the effects of rent-free periods are spread over the term of the lease.

(2) Covivio Hotels' financial statements were audited for the 2010/2011, 2012/2013/2014 and 2015 fiscal years, which resulted in reassessment proposals for the CVAE in the amount of €1.2 million, €1.1 million and €0.2 million respectively. These adjustments were the subject of litigation which led to a ruling by the Administrative Court of Appeal in favour of Covivio Hotels and Foncière Otello, which quashed the court's judgement and found against the tax authorities. As the authorities did not appeal against this judgement, for which no provisions had been taken, the cases were definitively closed on 31 December 2020. The receivable was fully repaid in the fiscal year 2020.

The impact of this change in accounting method at the start of the year was €360 thousand, recognised in equity.

As of 31 December 2020, the balance of receivables resulting from the spreading was €1,975 thousand:

| (€K) | Historic recovery at 31/12/19 | New rent-free periods for 2020 | Smoothing 2020 | Rent-free periods on assets sold in 2020 | Remaining rent-free periods at 31/12/2020 |
|---|---|---|---|---|---|
| Hotel real estate | 360 | 1,299 | -124 | 0 | 1,535 |
| Retail | 0 | 758 | -56 | -262 | 440 |
| **TOTAL** | **360** | **2,057** | **-180** | **-262** | **1,975** |

Following the merger with FDM Management, Covivio Hotels acquired a CICE receivable of €539 thousand from the companies SLIH and Alliance. Payment of this receivable will be requested in 2021 or will be offset against income tax.

3

### 3.5.3.2.2 Provisions for trade receivables

Impairment of trade receivables amounted to €3,332 thousand as of 31 December 2020, and relates to retail assets:

| (€K) | Impairment 31/12/2019 | Charges | Reversals of provisions | Impairment 31/12/2020 |
|---|---|---|---|---|
| Retail portfolio | 0 | 3,332 | 0 | 3,332 |
| **TOTAL** | **0** | **3,332** | **0** | **3,332** |

### 3.5.3.2.3 Accruals and other assets

| (€K) | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Prepaid operating expenses: | 127 | 131 |
| of which letting | 0 | 0 |
| of which external and other expenses | 127 | 131 |
| Prepaid financial expenses: | 20,400 | 21,438 |
| of which agent commissions | 128 | 100 |
| of which renegotiation of equalisation payments | 19,080 | 19,550 |
| of which IOP temporary account (1) | 1,192 | 1,788 |
| **Total prepaid expenses** | **20,527** | **21,569** |
| **Total deferred expenses of which loan issue costs** | **12,321** | **14,302** |
| Bond redemption premiums | | |
| of which €350 million bond (2) | 1,013 | 1,227 |
| **Total Bond redemption premiums** | **1,013** | **1,227** |
| Unrealised foreign exchange losses (3) | | |
| Increase in liabilities | 34 | 18,836 |
| Decrease in receivables | 7,545 | 7 |
| **Total unrealised foreign exchange losses** | **7,579** | **18,843** |
| **TOTAL** | **41,440** | **55,941** |

(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 decrease in receivables mainly recognises the unrealised loss on the £326 million intra-group loan with Murdelux, the pound having depreciated by 5.5% over fiscal year 2020.

### 3.5.3.2.4 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.

### 3.5.3.2.5 Receivables

| (€K) | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Other financial assets (accrued interest on loans) | 17,142 | 17,127 |
| Trade receivables and related accounts (invoice not yet submitted) | 1,972 | 4,275 |
| Other receivables | 0 | 0 |
| **TOTAL** | **19,114** | **21,401** |

### 3.5.3.3 Shareholders' equity

At 31 December 2020, the share capital comprised 132,547,616 shares, all of the same class, with a par value of €4 each and totalling €530,190,464.

At 31 December 2020, the company held 12,691 treasury shares.

| | | Increase | | Decrease | | |
|---|---|---|---|---|---|---|
| (€K) | 31/12/2019 | Increase during the year | Change in accounting method | Other changes during the year | Allocation of net income/Dividend distribution | 31/12/2020 |
| Share capital | 484,147 | 46,044 | 0 | 0 | 0 | 530,191 |
| Share premium account | 956,623 | 138,937 | 0 | -4,705 | 0 | 1,090,855 |
| Merger premiums | 353,741 | 0 | 0 | 0 | 0 | 353,741 |
| Additional paid-in capital | 61,587 | 0 | 0 | 0 | 0 | 61,587 |
| Legal reserve | 47,228 | 4,604 | 0 | 0 | 1,187 | 53,019 |
| Retained earnings | 37,948 | 0 | 360 | 0 | -5,008 | 33,300 |
| Net income for the fiscal year | 184,275 | 168,212 | 0 | 0 | -184,275 | 168,212 |
| Regulated provisions | 4,390 | 1,239 | 0 | -405 | 0 | 5,224 |
| **SHAREHOLDERS' EQUITY** | **2,129,939** | **359,036** | **360** | **-5,110** | **-188,096** | **2,296,129** |

#### Capital increase

The General Meeting held on 7 May 2020 voted to offer each shareholder the option to take their dividend in cash or in shares.

On this occasion, 11,510,983 shares were subscribed and fully paid up for a gross amount of €184,981 thousand (€184,880 thousand net of fees), broken down into a par value of €46,044 thousand and an issue premium of €138,937 thousand. 10% of the capital, €4,604 thousand, was added to the legal reserve.

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). The expenses charged to the share premium for the fiscal year 2020 amounted to €101 thousand.

#### Appropriation of earnings for the prior fiscal year

The Ordinary and Extraordinary General Meeting on 7 May 2020 allocated prior year income as described below and paid an ordinary dividend of €1.55 per share.

The Shareholders' Meeting offered each shareholder the option of receiving the dividend either in shares or in cash.

| (€K) | |
|---|---|
| Net income for the year ended 31/12/2019 | 184,275 |
| Share premium account | 0 |
| Retained earnings | 37,948 |
| **TOTAL TO BE ALLOCATED** | **222,223** |
| Legal reserve | 1,187 |
| Share premium account | 0 |
| Dividends paid [(1)] | 188,096 |
| Retained earnings | 32,940 |
| **TOTAL ALLOCATED** | **222,223** |

(1) The €188,096 thousand in dividends paid out breaks down as follows:
- €500 thousand in preferred dividends paid to Covivio Hotel Gestion
- Dividends paid in cash: €2,615 thousand (€ 1.55 x 1,686,755 shares; no dividend being payable on the 6,900 treasury shares)
- Dividends paid in shares: €184,981 thousand (119,342,978 x €1.55, resulting in the creation of 11,510,983 shares).

#### Change of method

For better visibility of the financial statements, given the widespread use of support measures for additional clauses or leases, the effects of rent-free periods are spread over the term of the lease.

The impact of this change in accounting method at the start of the year was €360 thousand, recognised in opening shareholders' equity. This impact at opening is linked to support measures granted in 2019, no support measures having been granted prior to this fiscal year. As a result, if the change in method had been applied on 1 January 2019 (rather than on 1 January 2020), the income statement would have recorded €360 thousand in additional revenues for the fiscal year and the balance sheet would have included a rent-free period receivable of the same amount. Given the negligible impact of this change in accounting method, there is no need to present a *pro forma* version of the 2019 financial statements.

#### Regulated provisions

These are capital cost allowances used on assets for which a finance lease option was exercised for €3,504 thousand.

The remaining €1,720 thousand concern the capital cost allowances on acquisition costs for the securities of OPCI Oteli and SAS Kombon. These acquisition costs were included in the cost price of financial assets for an amount of €5,729 thousand and amortised over five years in the form of accelerated depreciation. As a result, there is still a total of 4,009 thousand euros to be amortised until 31 December 2024.

### 3.5.3.4 Provisions for liabilities and charges

| (€K) | Note 3.5 | 31/12/2019 | Increase: TUP | Increase: Charges | Decrease: Reversals of provisions (amount used) | Decrease: Reversals of provisions (amount not used) | 31/12/2020 |
|---|---|---|---|---|---|---|---|
| **Provisions for contingencies** | **3.4.1** | **7,435** | **0** | **0** | **6,592** | **0** | **843** |
| Provision for foreign exchange losses | | 6,863 | 0 | 0 | 6,258 | 0 | 605 |
| Provisions for free share contributions | | 572 | 0 | 0 | 334 | 0 | 238 |
| **Provisions for losses** | | **168** | **0** | **77** | **0** | **0** | **245** |
| End-of-career benefits | 3.4.2 | 95 | 0 | 46 | 0 | 0 | 141 |
| Long service award | | 73 | 0 | 31 | 0 | 0 | 104 |
| **TOTAL** | | **7,603** | **0** | **77** | **6,592** | **0** | **1,088** |

#### 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 2020, 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 €605 thousand, leading to the recognition of a €6,258 thousand provision for translation losses.

#### 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 | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Discount rate | 0.11% | 0.44% |
| Annual inflation | – | - |
| Annual wage growth | | |
| Managers | 4% | 4% |
| Non-managers | 3% | 3% |
| Payroll tax rate (end-of-career benefits only) | 48.96% | 48.80% |
| Mortality rate | TGF05/TGH05 | TGF05/TGH05 |
| | 8.56% (20 years) | 10.09% (20 years) |
| | 8.56% (30 years) | 10.09% (20 years) |
| | 8.56% (40 years) | 10.09% (20 years) |
| Turnover | 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 | 31/12/2020 | Amount due in less than 1 year | Amount due in 1 to 5 years | Amount due in over 5 years | 31/12/2019 |
|---|---|---|---|---|---|---|
| Non-convertible bonds | 3.5.1 | 741,627 | 191,627 | 550,000 | 0 | 741,586 |
| Borrowings and debt to credit institutions | 3.5.2 | 1,273,686 | 26,580 | 678,080 | 569,026 | 1,147,215 |
| Other sundry loans and borrowings | 3.5.3 | 120,653 | 120,653 | 0 | 0 | 183,391 |
| Advances and pre-payments | | 0 | 0 | 0 | 0 | 0 |
| Trade payables and related accounts | | 6,499 | 6,499 | 0 | 0 | 2,697 |
| Tax and social security liabilities | 3.5.4 | 2,815 | 2,815 | 0 | 0 | 1,852 |
| Debt on fixed assets and related accounts | 3.5.5 | 574 | 574 | 0 | 0 | 875 |
| Other payables | 3.5.6 | 7,175 | 7,175 | 0 | 0 | 813 |
| Pre-booked income | | 0 | 0 | 0 | 0 | 0 |
| Treasury instruments | 3.5.7 | 232 | 232 | 0 | 0 | 324 |
| **TOTAL** | | **2,153,261** | **356,155** | **1,228,080** | **569,026** | **2,078,753** |

#### 3.5.3.5.1 Non-convertible bonds

**Bonds**

The features of these bonds are as follows:

| Issue date | 16/11/2012 |
|---|---|
| Issue volume (€m) | 255 |
| Partial redemption | 68 |
| Nominal value following partial redemption | 187 |
| Nominal rate | 2.754% |
| Maturity | 16/11/2021 |

The balance of the bond amounts to €187,210 thousand, corresponding to accrued interest for €656 thousand and outstanding capital of €186,554 thousand.

| Issue date | 24/09/2018 |
|---|---|
| Issue volume (€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 €351,780 thousand, corresponding to accrued interest for €1,780 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:

The balance of the private placement amounts to €202,637 thousand, corresponding to accrued interest for €2,637 thousand and outstanding capital of €200,000 thousand.

| Issue date | 29/05/2015 |
|---|---|
| Issue volume (€m) | 200 |
| Partial redemption | 0 |
| Nominal value following partial redemption | 200 |
| Nominal rate | 2.218% |
| Maturity | 29/05/2023 |

### 3.5.3.5.2 Borrowings and debts from credit institutions

The table of changes in bank debt is set out below:

| (€K) | 31/12/2019 | Increase | Decrease | 31/12/2020 |
|---|---|---|---|---|
| Borrowings and debt to credit institutions [1] | 1,122,707 | 176,000 | 43,362 | 1,255,345 |
| Accrued interest | 5,946 | 5,886 | 5,946 | 5,886 |
| Bank overdrafts | 18,562 | 0 | 6,107 | 12,455 |
| **TOTAL** | **1,147,215** | **181,886** | **55,415** | **1,273,686** |

(1) The increase mainly concerns the setting up of two new debts totalling €250,000 thousand (of which €175,000 thousand drawn in 2020) as part of the acquisition of the portfolio of eight hotels leased to NH Hotels in several European cities and the drawdown of €1,000 thousand from existing credit lines.

The impact of the translation adjustments on the debt in GBP was reduced by €25,672 thousand (change in the unrealised loss in 2019 of €17,023 thousand and the unrealised gain in 2020 of €8,649 thousand).

Contractual repayments amounted to €8,436 thousand and those following the disposal of assets to €614 thousand. The debt set up in 2012 following the acquisition of B&B Porte des Lilas was fully repaid for an amount of €8,640 thousand in 2020.

### 3.5.3.5.3 Other sundry loans and borrowings

Sundry loans and borrowings consist of:

- Current accounts in credit in the amount of €120,509 thousand

| (€K) | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Foncière Otello | 32,961 | 34,474 |
| Investment FDM Rocatierra | 23,748 | 32,553 |
| Murdelux | 15,131 | 19,966 |
| Ulysse Belgique | 11,872 | 11,815 |
| SLIH | 6,045 | 11,554 |
| Lagonda Palace Propco Ltd | 4,446 | 5,101 |
| Oxford Thames Ltd | 3,763 | 1,016 |
| Constance | 3,579 | 4,406 |
| SCI Porte Dorée | 3,163 | 1,834 |
| Roxburghe Investments Holdco | 2,999 | 0 |
| Grand Central Hôtel Company | 2,209 | 2,374 |
| Lagonda York Propco Ltd | 1,709 | 2,240 |
| Ruhl Côte d'Azur | 1,607 | 3,930 |
| René Clair | 1,396 | 2,076 |
| Blythswood Square Hotel Glasgow | 1,076 | 2,309 |
| The St David's Hotel Cardiff Ltd | 958 | 2,579 |
| SCI Rosace | 954 | 602 |
| Oxford Spires Hotel Ltd | 942 | 2,187 |
| Lagonda York Holdco Ltd | 355 | 323 |
| Roxburghe Investments Propco Ltd | 322 | 2,968 |
| Wotton House Properties Holdco | 303 | 364 |
| George Hotel Investments Holdco | 290 | 3,532 |
| George Hotel Investments Ltd | 239 | 6,454 |
| Société Nouvelle Hotel Plaza | 230 | 0 |
| Grand Central Hotel Company Holdco | 128 | 0 |
| B&B Invest Espagne | 53 | 0 |
| SARL Loire | 31 | 51 |
| Trade Center Hotel | 0 | 8,221 |
| Sunparks Oostduinkerk | 0 | 7,833 |
| Roxburge Invest lux | 0 | 3,038 |
| Kempense Meren | 0 | 2,031 |
| Wotton House Properties Ltd | 0 | 2,004 |
| Lagonda Russell Propco Ltd | 0 | 1,117 |
| Bardiomar | 0 | 1,041 |
| Oxford Spires Hôtel Holdco | 0 | 887 |
| Lagonda Leeds Propco Ltd | 0 | 674 |
| Sunparks Trefonds | 0 | 624 |
| Sunparks Vielsalm | 0 | 585 |
| So Hospitality | 0 | 484 |
| **TOTAL** | **120,509** | **183,247** |

- 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:

- €1,399 thousand: VAT
- €603 thousand: Social charges/wages
- €593 thousand: Personnel – expenses payable
- €172 thousand: State taxes due (other than income tax)
- €48 thousand: Tax charges

#### 3.5.3.5.5 Fixed asset liabilities

Fixed asset liabilities comprise:

- €466 thousand: accrued invoices for work on 10 assets rented by Accor
- €86 thousand: accrued invoices for work on the MEININGER Porte de Vincennes hotel
- €16 thousand: Holdback
- €5 thousand: Non-paid suppliers of fixed assets
- €1 thousand: accrued invoices for work on the MEININGER Lyon Zimmermann hotel.

#### 3.5.3.5.6 Other liabilities

| (€K) | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Trade payables [(1)] | 4,178 | 69 |
| Credit notes to be issued (settlement of Accor variable rents) | 2,994 | 741 |
| Other liabilities | 3 | 3 |
| **TOTAL** | **7,175** | **813** |

(1) Of which: Covivio Hotels received the bank balances of the entities in the Roco portfolio at the time of the acquisition and transfers to the entities concerned have not yet taken place.

| (€K) | 31/12/2020 |
|---|---|
| New York Palace Propco | 2,834 |
| Ingrid Hotels SpA | 1,048 |
| Ingrid Italy Holding | 39 |
| Anitah Holding | 26 |
| **TOTAL** | **3,947** |

#### 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 Bank covenants

| LTV Conso | Scope | Covenant threshold | Ratio |
|---|---|---|---|
| €447 million (2013) – nominal value REF II | Covivio Hotels | < 60% | In compliance |
| €255 million (2012) – Bonds | Covivio Hotels | ≤ 65% | In compliance |
| €130 million (2019) – REF I | Covivio Hotels | ≤ 60% | 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 |

| ICR Conso | Scope | Covenant threshold | Ratio |
|---|---|---|---|
| €447 million (2013) – nominal value REF II | Covivio Hotels | > 200% | In compliance |
| €255 million (2012) – Bonds | Covivio Hotels | ≥ 200% | In compliance |
| €130 million (2019) – REF I | 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 2020, 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) | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Accrued interest on borrowings | 10,960 | 10,979 |
| Invoices not received | 1,785 | 3,530 |
| Other payables (credit notes to be issued) | 2,996 | 741 |
| Tax and social security liabilities | 877 | 1,027 |
| Accrued interest on current bank overdrafts | 15 | 4 |
| **TOTAL** | **16,633** | **16,282** |

### 3.5.3.5.10 Accruals and other liabilities

| (€K) | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Currency translation adjustments | | |
| Decrease in liabilities | 9,554 | 6 |
| Increase in receivables | 25 | 12,195 |
| **TOTAL** | **9,579** | **12,201** |

At year-end, receivables and debt are converted at the closing rate. These conversion differences are recorded in transitional accounts, pending subsequent adjustment. The decrease in liabilities is primarily due to the unrealised gain recognised on the bank debt, since sterling fell 5.5% in the fiscal year 2020.

3

## 3.5.4 Notes to the income statement

In 2020, net income amounted to a positive €168,212 thousand, compared with a profit of €184,275 thousand in 2019.

### 3.5.4.1 Operating income

#### 3.5.4.1.1 Revenues

| (€K) | 31/12/2020 | 31/12/2019 |
|---|---|---|
| **Rental income** [(1)] | **27,675** | **45,393** |
| Rental income from the hotel sector | 15,911 | 29,895 |
| Rental income from retail premises | 11,945 | 15,498 |
| Rent-free periods | -2,057 | 0 |
| Spreading of rent-free periods | 1,876 | 0 |
| **Provision of services** [(2)] | **18,976** | **30,645** |
| **TOTAL** | **46,651** | **76,038** |

(1) The spread of the Coronavirus in France, where Covivio Hotels owns variable-income hotels, had an immediate impact on revenues due to the decrease in hotel occupancy. Rent-free periods granted had a limited impact on rental income (-€181K) as they were spread over the term of the lease.

(2) Service provisions include the rebilling of taxes to tenants and of network costs to subsidiaries. The decrease is mainly due to lower retrocessions by Covivio Hôtel Gestion Immobilière (95% of its revenues) than in 2019 following the reduction in fees invoiced to its subsidiaries, which are partly tied to the volume of disposals (a large number of B&Bs were sold in 2019).

#### 3.5.4.1.2 Reversals of provisions and transferred operating expenses

Reversal of provisions and transferred operating expenses include:

| (€K) | 31/12/2020 | 31/12/2019 |
|---|---|---|
| **Reversals of provisions for operating risks and charges** | **334** | **233** |
| **Reversals of impairment on tangible fixed assets** | **933** | **152** |
| **Transferred charges** | **1,428** | **674** |
| Loan issue costs [(1)] | 1,428 | 674 |
| Operating expenses | 0 | 0 |
| Personnel Expenses | 0 | 0 |
| **TOTAL** | **2,695** | **1,059** |

(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) | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Other purchases and external expenses | 14,043 | 13,914 |
| Taxes and related payments | 5,555 | 5,947 |
| Wages [(1)] | 3,117 | 4,557 |
| Social charges [(1)] | 1,408 | 1,178 |
| Depreciation, amortisation, impairment and provisions [(2)] | 25,643 | 20,377 |
| Other operating expenses | 216 | 117 |
| **TOTAL OPERATING EXPENSES** | **49,982** | **46,090** |

(1) The decrease in salaries is mainly due to the decrease in free shares awarded to employees and re-invoiced by Covivio compared to the fiscal year 2019 (-€1,239 thousand) and the increase in social security charges is due to the URSSAF contribution (*i.e.* flat rate of 20%) paid in 2020 on the free shares vested.

(2) Breakdown of depreciation, amortisation impairment and provisions :

| (€K) | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Depreciation and amortisation of Operating properties and intangible fixed assets | 0 | 0 |
| Depreciation of rental assets | 15,251 | 15,246 |
| Depreciation of merger deficits | 0 | 0 |
| Depreciation of furniture and equipment | 0 | 0 |
| Depreciation of deferred expenses | 3,408 | 3,092 |
| **Sub-total for depreciation and amortisation** | **18,659** | **18,338** |
| Provisions for trade receivables | 3,332 | 0 |
| Provisions for fixed assets | 3,576 | 1,789 |
| Provisions for risks and charges | 76 | 250 |
| **Sub-total provisions for impairment and provisions** | **6,984** | **2,039** |
| **TOTAL** | **25,643** | **20,377** |

### 3.5.4.2 Net financial income

| (€K) | Note 3.5 | 31/12/2020 | 31/12/2019 |
|---|---|---|---|
| **Financial income from investments** | | **161,327** | **204,907** |
| Dividends received from subsidiaries and equity investments | *4.2.1* | 161,327 | 204,907 |
| **Other marketable securities and fixed asset receivables income** | | **43,033** | **46,576** |
| Income from loans to subsidiaries | | 43,033 | 46,576 |
| Income from other loans | | 0 | 0 |
| **Other interest and similar income** | | **13,892** | **13,973** |
| Interest on group current accounts | | 317 | 246 |
| Income from swaps | | 13,120 | 12,361 |
| Other income | | 123 | 187 |
| Merger premiums | | 0 | 1,178 |
| Default interest | | 332 | 1 |
| **Reversals of provisions and transferred expenses** | ***4.2.2*** | **6,258** | **219** |
| Reversals of provisions for financial contingencies and charges | | 6,258 | 219 |
| Reversals of provisions on financial assets | | 0 | 0 |
| **Positive exchange differences** | | **66** | **1,717** |
| Exchange gain | *4.2.3* | 66 | 1,717 |
| **Net income from disposal of marketable securities** | | **0** | **0** |
| **Total financial income** | | **224,576** | **267,392** |
| **Provisions for financial risks and charges** | | **39,957** | **51,799** |
| Bond redemption premium | | 214 | 214 |
| Provisions for financial contingencies | | 0 | 6,810 |
| Provisions on financial assets | *4.2.4* | 39,743 | 44,775 |
| **Interest and similar expenses** | | **68,117** | **69,138** |
| Interest on borrowings | | 53,704 | 56,860 |
| Interest on group current accounts | | 1,477 | 1,661 |
| Restructuring payments hedging | | 10,542 | 8,510 |
| Amortisation of IOP (Isolated Open Positions) instruments | | 596 | 1,012 |
| Bank interest and financing operations | | 1,798 | 1,095 |
| **Negative exchange differences** | | **1,409** | **1,512** |
| Exchange loss | *4.2.3* | 1,409 | 1,512 |
| **Net expenses from disposal of marketable securities** | | **0** | **0** |
| **Total financial expenses** | | **109,483** | **122,449** |
| **NET FINANCIAL INCOME/(CHARGES)** | | **115,093** | **144,943** |

#### 3.5.4.2.1 Breakdown of dividends

The dividends received from subsidiaries are as follows:

| Distribution companies (€K) | Dividends received in 2020 | Dividends received in 2019 |
|---|---|---|
| Murdelux | 117,589 | 11,622 |
| OPCI B2 Hôtel Invest | 7,207 | 56,316 |
| FDM Rocatierra | 7,121 | 7,957 |
| Trade Center Hôtel | 6,169 | 4,159 |
| Constance | 6,063 | 0 |
| Bardiomar | 4,597 | 4,625 |
| Ruhl Côte d'Azur | 3,000 | 0 |
| Oteli | 2,364 | 0 |
| OPCI Iris Invest 2010 | 1,368 | 1,368 |
| SNC Foncière Otello | 1,353 | 5,475 |
| SCI René clair | 1,238 | 1,183 |
| OPCI Camp Invest | 1,116 | 1,116 |
| Samoens | 960 | 752 |
| SNC Covivio Hôtel Gestion Immobilière | 592 | 182 |
| Kombon | 570 | 0 |
| B&B Invest Espagne | 20 | 12 |
| FDM M Lux | 0 | 105,500 |
| LHM Holding Lux | 0 | 2,275 |
| OPCI FDT | 0 | 1,011 |
| SCI Dahlia | 0 | 725 |
| SAS Iris holding France | 0 | 629 |
| **TOTAL** | **161,327** | **204,907** |

#### 3.5.4.2.2 Breakdown of reversals of provisions and transferred financial expenses

| (€K) | 31/12/2020 | 31/12/2019 |
|---|---|---|
| **Transferred financial expenses** | **0** | **0** |
| Interest on borrowings | 0 | 0 |
| **Reversal of provision** | **6,258** | **219** |
| Provision for foreign exchange losses [1] | 6,258 | 0 |
| Provision for over-hedging | 0 | 219 |
| **TOTAL** | **6,258** | **219** |

(1) The unrealised loss on translation adjustments in 2019 gave rise to a provision for foreign exchange losses of €6,810 thousand, reversed in the amount of €6,258 thousand in 2020.

#### 3.5.4.2.3 Positive and negative exchange differences

Foreign exchange gains and losses recorded in 2020 relate to the impact of the foreign exchange differences recorded at the reporting date on bank accounts.

#### 3.5.4.2.4 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) | 31/12/2020 | 31/12/2019 |
|---|---|---|
| FDM M Lux [(1)] | 20,521 | 44,739 |
| Constance | 10,770 | 0 |
| Bardiomar | 4,730 | 0 |
| Oteli | 2,391 | 0 |
| LHM Holding Lux | 1,285 | 36 |
| Foncière Manon | 46 | 0 |
| **TOTAL** | **39,743** | **44,775** |

A €44,739 thousand provision for financial assets was incorrectly recognised in 2019. Net financial income should have been €189,682 thousand and net income €229,014 thousand.

This was reversed in fiscal year 2020 as non-recurring income for error correction in accordance with ANC regulation 2018-01 (see 3.5.4.3).

### 3.5.4.3 Net non-recurring income

| Income (€K) | 31/12/2020 | 31/12/2019 | Expenses (€K) | 31/12/2020 | 31/12/2019 |
|---|---|---|---|---|---|
| **Non-recurring income on management transactions** | **0** | **300** | **Non-recurring expenses on management transactions** | **32** | **910** |
| Miscellaneous income | 0 | 300 | Miscellaneous expenses | 31 | 910 |
| **Income on capital transactions** | **34,321** | **18,225** | **Expenses on capital transactions** | **24,559** | **8,690** |
| Non-recurring income on disposal of buildings [(1)] | 34,269 | 18,000 | Book value of buildings sold off [(1)] | 24,318 | 8,538 |
| Income from disposal of securities | 49 | 22 | Book value of securities sold | 103 | 1 |
| Miscellaneous non-recurring income | 3 | 203 | Non-recurring expenses | 25 | 2 |
| **Reversals of provisions** | **45,219** | **168** | **Depreciation and provisions** | **1,314** | **773** |
| Reversals of capital cost allowances | 480 | 168 | Capital cost allowances [(2)] | 1,239 | 694 |
| Reversal of impairment of equity investments [(3)] | 44,739 | 0 | Depreciation and amortisation charges | 75 | 79 |
| **Non-recurring income** | **79,540** | **18,693** | **Non-recurring expenses** | **25,905** | **10,373** |
| **NET NON-RECURRING INCOME** | **53,635** | **8,320** | | | |

(1) For the breakdown of disposals of assets, see Section 3.5.1.3 "Disposals of real estate assets".
(2) Capital cost allowances concern assets purchased under finance leases for which options were exercised (€93 thousand) and acquisition costs for the securities of OPCI Oteli (€777 thousand) and SAS Kombon (€369 thousand). There is still a total of 4,009 thousand euros to be amortised until 31 December 2024.
(3) In accordance with ANC Regulation 2018-01, the €44,739 thousand error correction was recognised in exceptional income.

### 3.5.4.4 Income taxes

None

### 3.5.4.5 Increase in and relief of future tax liabilities

Tax loss carryforwards amounted to €85,229 thousand at 31 December 2020.

## 3.5.5 Off-balance sheet commitments

### 3.5.5.1 Commitments given

| Off-balance sheet commitments given (€M) | Deadline | 31/12/2020 | 31/12/2019 |
|---|---|---|---|
| **Commitments related to consolidated companies** | | **0.0** | **573.3** |
| Investment commitments | | 0.0 | 573.3 |
| Commitments given for specific transactions | | 0.0 | 0.0 |
| **Commitments related to financing** | | **1,084.0** | **1,127.8** |
| Financial guarantees given (CRD of pledged debt) (1) | | 1,084.0 | 1,127.8 |
| **Commitments related to operating activities (A + B+ C)** | | **82.0** | **34.7** |
| 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** | | **46.2** | **5.5** |
| Work commitments outstanding on assets under development | | 0.0 | 0.0 |
| Purchase commitments | | 40.5 | 0.0 |
| Bank guarantees and other guarantees given | | 5.7 | 5.5 |
| **B- Commitments related to the implementation of operating contracts** | | **16.4** | **28.2** |
| Other contractual commitments given related to "Lease payments due" | 2,037 | 10.8 | 24.8 |
| Work commitments outstanding on investment properties (2) | | 5.6 | 3.4 |
| **C- Commitments related to asset disposals** | | **19.4** | **1.0** |
| Preliminary sale agreements given | | 19.4 | 1.0 |

(1) Bank borrowings (excluding overdrafts) and bonds (excluding private placement) are secured by financial guarantees.
(2) Commitments relating to work on assets under development.

| € millions | Amount of works budgets signed* | Amount of works accounted for | Amount of works commitments outstanding | Delivery date |
|---|---|---|---|---|
| Accor Hotels | 10.3 | 9.6 | 0.7 | 2021 |
| Accor Hotels 2021-2026 | 4.9 | 0 | 4.9 | 2026 |
| Total lease properties | 15.2 | 9.6 | 5.6 | |

* The budgets signed for building works are monitored and updated regularly.

#### 3.5.5.1.1 Swaps

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) |
|---|---|---|---|---|---|---|
| 31/03/2015 | 31/03/2025 | FR borrower swap | CIC-EST | 0.6925% | 0 | -3,189 |
| 29/05/2015 | 29/05/2023 | FR lender swap | CIC-EST | 0.7180% | 100,000 | 2,817 |
| 31/03/2016 | 31/12/2026 | FR borrower swap | Palatine | 0.9230% | 50,000 | -4,216 |
| 29/09/2017 | 31/12/2027 | FR borrower swap | CIC-EST | 1.1875% | 70,000 | -8,039 |
| 29/12/2017 | 30/06/2028 | FR borrower swap | NATIXIS | 0.9040% | 100,000 | -9,961 |
| 29/03/2018 | 31/03/2028 | FR borrower swap | CIC-EST | 1.0010% | 100,000 | -10,428 |
| 29/03/2018 | 31/03/2027 | FR borrower swap | LCL | 0.9190% | 100,000 | -8,698 |
| 29/06/2018 | 31/12/2027 | FR borrower swap | SOCIÉTÉ GÉNÉRALE | 0.9180% | 100,000 | -9,540 |
| 24/09/2018 | 24/09/2025 | FR lender swap | CIC-EST | 0.6210% | 150,000 | 7,485 |
| 24/09/2018 | 24/09/2025 | FR lender swap | LCL | 0.6210% | 100,000 | 4,990 |
| 24/09/2018 | 24/09/2025 | FR lender swap | NATIXIS | 0.6210% | 100,000 | 4,990 |
| 15/01/2019 | 15/01/2029 | FR borrower swap | CIC-EST | 0.8920% | 100,000 | -10,408 |
| 15/01/2020 | 15/01/2030 | FR borrower swap | NATIXIS | 0.6070% | 100,000 | -8,625 |
| 15/04/2020 | 15/01/2030 | FR borrower swap | CIC-EST | -0.4000% /.../0.4050% | 50,000 | -3,353 |
| 15/04/2020 | 28/12/2029 | FR borrower swap | NATIXIS | -0.0450% | 140,000 | -3,555 |
| 15/01/2021 | 15/04/2030 | FR borrower swap | CIC-EST | -0.2420% | 200,000 | -1,179 |
| 15/01/2021 | 15/01/2030 | FR borrower swap | CACIB | 0.6950% | 100,000 | -9,400 |
| **TOTAL** | | | | | **1,660,000** | **-70,309** |

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 | -7,988 |
| 15/01/2019 | 30/06/2026 | FR borrower swap | SANTANDER | 1.4670% | 100,000 | -8,061 |
| 15/01/2019 | 30/06/2026 | FR borrower swap | CIC | 1.4680% | 100,000 | -8,067 |
| 15/01/2019 | 30/06/2026 | FR borrower swap | NATIXIS | 1.3500% | 100,000 | -7,356 |
| 15/01/2019 | 30/06/2026 | FR borrower swap | SG | 1.4170% | 90,000 | -6,984 |
| 15/04/2019 | 30/06/2026 | FR borrower swap | NATIXIS | 1.2120% | 90,000 | -5,872 |
| **TOTAL** | | | | | **580,000** | **-44,328** |

#### 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 | SOCIÉTÉ GÉNÉRALE | 2.0000% | 26,000 | 0 |
| 31/03/2015 | 31/03/2022 | tunnel-cap | HSBC | 2.0000% | 16,000 | 0 |
| 15/04/2020 | 15/01/2021 | tunnel-cap | CACIB | -0.3000% | 200,000 | 0 |
| **TOTAL** | | | | | **242,000** | **0** |

#### 3.5.5.1.3 Cross-currency swap

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 | 9,999 |
| 20/09/2018 | 30/06/2026 | FR lender CCS | NATIXIS | 2.3000% | 56,427/50,000 | 4,161 |
| 15/02/2019 | 30/06/2026 | FR lender CCS | HSBC | 2.3000% | 85,616/50,000 | 5,923 |
| **TOTAL** | | | | | **283,343/225,000** | **20,083** |

### 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 | 31/12/2020 | 31/12/2019 |
|---|---|---|---|
| **Commitments related to consolidated companies** | | **0.0** | **0.0** |
| Commitments received on specific transactions | | 0.0 | 0.0 |
| **Commitments related to financing** | | **259.8** | **63.2** |
| Commitments related to financing not specifically required by IFRS 7 | | | |
| Financial guarantees received (authorised lines of credit not used) | | 259.8 | 63.2 |
| **Commitments related to operating activities** | | **319.3** | **990.9** |
| Other contractual commitments received related to "rental income due" activities | | 182.1 | 187.8 |
| Assets received in pledge, mortgage or collateral, as well as guarantees received | | 71.7 | 225.4 |
| Preliminary sale agreements received = Preliminary sale agreements given | | 19.4 | 1.0 |
| Works committed outstanding (fixed assets) = (2) + (3) of commitments given | | 5.6 | 3.4 |
| Acquisition commitments (fixed assets) | | 40.5 | 573.3 |

## 3.5.6 Sundry information

### 3.5.6.1 Average headcount during the year and headcount at year-end

| | 2020 | 2019 |
|---|---|---|
| Managers | 23 | 22 |
| Supervisors | 0 | 0 |
| **TOTAL EXCLUDING APPRENTICES** | **23** | **22** |
| Apprentices | 0 | 0 |
| **TOTAL** | **23** | **22** |

The company's headcount at 31 December 2020 was 21 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 €32 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 €1,206 thousand excluding taxes for its work in fiscal year 2020. The terms of this remuneration are governed by Article 11 of the Articles of Association of Covivio Hotels.

In 2020, Covivio Hotels paid €500 thousand in preferred dividends to the Limited Partner, Covivio Hotels Gestion in respect of fiscal year 2019.

### 3.5.6.3 Information regarding related-party transactions

All related-party transactions are concluded under normal market conditions or are immaterial.

The term related parties as used here is defined in Article R. 123-199-1 of the French Commercial Code. In particular, it covers all entities consolidated by Covivio Hotels, regardless of the consolidation method used. It also covers:

- persons or close family members of persons exercising joint control, significant influence, or who are key executives of Covivio Hotels
- controlled or jointly controlled entities, over which significant influence is exercised, or managed by the persons defined in the previous point.

### 3.5.6.4 Information on items with related companies

The table below includes all related-party transactions for the year ended 31 December 2020, including transactions with wholly-owned subsidiaries.

| Items | Amount |
|---|---|
| Advances and pre-payments on fixed assets | 0 |
| Equity investments | 2,276,050 |
| Investment-related receivables | 0 |
| Loans | 1,682,183 |
| Trade receivables and related accounts | 54,732 |
| Other receivables | 1 |
| Other sundry long-term loans and borrowings | 0 |
| Other sundry short-term loans and borrowings | 0 |
| Advances and deposits received on orders in progress | 65 |
| Trade payables and related accounts | 125,904 |
| Debt on fixed assets and related accounts | 0 |
| Other payables | 3,947 |
| Income from investments | 161,327 |
| Other financial income | 43,350 |
| Financial expenses | -1,478 |

### 3.5.6.5 Subsidiaries and equity investments

Article L. 233-15-15 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 | 12,909 | 99.92 | 33,071 | 33,071 |
| SNC Hôtel René Clair | 6,761 | 3,318 | 99.99 | 9,833 | 9,833 |
| B&B Invest Espagne | 41 | 4,106 | 100.00 | 4,089 | 4,089 |
| Investment Rocatierra FDM | 11,104 | 104,838 | 100.00 | 111,004 | 111,004 |
| Bardiomar | 7,631 | 7,792 | 100.00 | 79,224 | 74,494 |
| Trade Center Hôtel | 12,020 | 22,640 | 100.00 | 96,585 | 96,585 |
| SCI Porte Dorée | 1,864 | 7,095 | 100.00 | 14,751 | 14,751 |
| Ruhl Côte d'Azur | 1 | 7,964 | 100.00 | 29,584 | 29,584 |
| Samoens | 3,461 | 13,538 | 50.10 | 13,766 | 13,766 |
| **b) Holding** | | | | | |
| SARL Loire | 2 | 41 | 100.00 | 86 | 86 |
| SAS Foncière Ulysse | 1,279 | 2,535 | 100.00 | 4,931 | 4,931 |
| SARL Foncière Manon | 105 | 75 | 99.90 | 265 | 219 |
| Murdelux | 27,053 | 801,730 | 99.95 | 1,040,887 | 1,040,887 |
| FDM Gestion Immobilière | 1 | 166 | 99.99 | 1 | 1 |
| OPCI B2 Hôtel Invest | 255,233 | 1,741 | 50.20 | 128,141 | 128,141 |
| FDM M Lux | 13 | 144,355 | 100.00 | 379,096 | 358,575 |
| SCI Rosace | 1,000 | 2,546 | 100.00 | 13,323 | 13,323 |
| Constance | 14,264 | 129,898 | 100.00 | 137,691 | 126,921 |
| LHM Holding Lux | 12 | 4,367 | 100.00 | 20,973 | 19,652 |
| **B. Investment (10% to 50% of capital held by the Company)** | | | | | |
| **Real estate activities** | | | | | |
| **a) Rental property** | | | | | |
| SCI Dahlia | 6,038 | 31,698 | 20.00 | 12,076 | 12,076 |
| Oteli | 125,242 | 85,031 | 31.15 | 67,890 | 65,499 |
| Kombon | 4,594 | 34,387 | 33.33 | 31,999 | 31,999 |
| **b) Holding** | | | | | |
| Iris Holding France | 9,582 | 10,132 | 19.90 | 6,588 | 6,588 |
| Iris Invest 2010 | 110,869 | 7,417 | 19.90 | 22,624 | 22,624 |
| Camp Invest | 88,299 | 4,210 | 19.90 | 17,571 | 17,571 |
| **II. Global information** | | | | | |
| **A. Subsidiaries not included in paragraph 1** | | | | | |
| a) French subsidiaries (total) | | | | | |
| b) Foreign subsidiaries (total) | | | | | |
| **B. Shareholdings not included in paragraph 1** | | | | | |
| a) In French companies (total) | | | | | |
| b) In Foreign Companies (total) | | | | | |
| **III. General information on holdings** | | | | | |
| **A. Subsidiaries I + II** | | | | | |
| a) French subsidiaries (total) | 283,972 | 181,826 | | 385,443 | 374,627 |
| b) Foreign subsidiaries (total) | 57,874 | 1,089,828 | | 1,731,858 | 1,705,286 |
| **B. Shareholdings I + II** | | | | | |
| a) In French companies | 344,624 | 172,875 | | 158,748 | 156,357 |
| b) In Foreign Companies | 0 | 0 | | 0 | 0 |

| 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 | Observations |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| 146,781 | | 4,527 | -5,976 | 1,353 | |
| 6,700 | | 589 | -241 | 1,238 | |
| 5,962 | | 742 | 80 | 20 | |
| 227,600 | | 17,486 | 3,272 | 7,121 | |
| 11,705 | | 5,882 | -2,775 | 4,597 | |
| 286 | | 5,680 | 4,522 | 6,169 | |
| 7,747 | | 2,146 | 142 | 0 | |
| 8,500 | | 2,515 | 2,090 | 3,000 | |
| 14,665 | | 5,901 | 909 | 960 | |
| | | | | | |
| 0 | | 0 | -10 | 0 | |
| 11,769 | | 0 | -138 | 0 | |
| 355 | | 0 | 40 | 0 | |
| 781,173 | | 510 | -70,297 | 117,590 | |
| 465 | | 3,774 | 165 | 592 | |
| 0 | | 0 | 13,734 | 7,207 | |
| 138,337 | | 0 | 687 | 0 | |
| 37,500 | | 4,278 | 883 | 0 | |
| 148,781 | | 0 | 1,171 | 6,063 | |
| 28,960 | | 0 | -18 | 0 | |
| | | | | | |
| | | | | | |
| | | | | | |
| 0 | | 2,392 | -2,890 | 0 | |
| 37,408 | | 4,880 | 2,493 | 2,364 | |
| 19,949 | | 1,579 | -1,605 | 570 | |
| | | | | | |
| 6,745 | | 95 | -691 | 0 | |
| 0 | | 0 | 4,540 | 1,368 | |
| 0 | | 0 | 3,494 | 1,116 | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| 383,263 | 0 | 23,730 | 12,769 | 20,413 | |
| 1,194,023 | 0 | 30,300 | -64,529 | 135,497 | |
| | | | | | |
| 64,102 | 0 | 8,946 | 5,341 | 5,418 | |
| 0 | 0 | 0 | 0 | 0 | |

### 3.5.7 Subsequent events

Nil.

# 3.6 Statutory Auditors' report on the annual financial statements

## Year ended 31 December 2020

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 2020.

In our opinion, the accompanying annual financial statements give a true and fair view of the results of its operations for the past fiscal year and of the assets and liabilities and financial position at year-end, in accordance with French accounting standards.

The opinion set out above 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 2020 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 calling into question the opinion expressed above, we draw your attention to:

- the point set out in Note 3.5.3.1.6 to the annual financial statements concerning the correction of an error relating to the reversal of €44.7 million in impairment provisions FDMM Lux equity investments following an incorrectly calculated allowance in fiscal year 2019. This reversal was recognised in net non-recurring income
- the change in accounting method described in Note 3.5.2.5 concerning the spreading of rents over the term of the lease. This change in accounting method makes the financial statements easier to read. The spreading of rent exemptions involves recognising a receivable which is progressively settled until the end of the lease, allowing the Company to report a constant rent over the period. The impact of this change in accounting method at the start of the year was €360 thousand, recognised in equity.

### Justification of Assessments – Key Audit Matters

The context of the global Covid-19 crisis creates special circumstances for the preparation of the financial statements for the year. The crisis and emergency health measures taken in response had multiple consequences for companies, particularly business volumes and financing, and cast increased doubts over future prospects. Some measures, such as travel restrictions and remote working, also impacted companies' internal operations and how audits could be conducted.

It is in this complex and evolving context that, pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key points of the audit relating to the risks of material misstatement which, in our professional judgement, were the most important for the audit of the annual financial statements for the year, as well as the responses we have provided to these 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 2020, the Company's equity investments and related receivables were included in its statement of financial position at a net carrying amount of €3,921 million or 88% 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.<br>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.<br>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.<br>As stated in Note 3.5.2.8, "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.<br>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. | We reviewed the process for determining the value in use of equity investments.<br>Our procedures also involved:<br>• assessing the appropriateness of the valuation methods used and the assumptions underlying the determination of the value in use of the equity investments<br>• examining, on a sample basis, the elements used to estimate the values in use and in particular that:<br>  • the shareholders' equity presented is consistent with the financial statements of the valued entities that have been subject to an audit or analytical procedures, where applicable<br>  • the adjustments made to this shareholders' equity to calculate the net asset value, mainly related to unrealised capital gains on real estate assets, are estimated on the basis of appraised values. Our audit approach to the appraisal values of real estate assets is described in the key audit point "Valuation of real estate assets".<br>• analysing the impairment losses recognised on equity investments and related receivables by reconciling the net asset value with the net book value<br>• assessing the recoverable nature of related receivables in view of the analyses of the equity investments<br>• 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<br>• assessing the appropriateness of the information provided in the notes to the annual financial statements. |

#### Valuation of property assets

| Risk identified | How the matter was addressed |
|---|---|
| At 31 December 2020, fixed assets represented a value of €408 million, out of a total balance sheet of €4,460 million. They are mainly comprised of investment properties held by the Company.<br>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.<br>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.<br>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.<br>Our procedures also involved:<br>• 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<br>• 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<br>• 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<br>• analysing the assumptions used by the real estate appraisers, including discount rates, yields, rental data and market rental values, by comparing them, in the context of the Covid-19 crisis, with the data of available market<br>• 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<br>• 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<br>• 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 given in the documents on the financial position and the annual financial statements sent to shareholders.

We have no matters to report as to the fair presentation and consistency with the annual financial statements of the information given in the documents on the financial position and the annual financial statements sent 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. 225-37-4, L. 22-10-10 and L. 22-10-9 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. 22-10-9 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. 22-10-11 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.

## Other verifications or reporting envisaged by law and regulations

### Format of the annual financial statements intended to be included in the annual financial report

In accordance with article 222–3 III of the AMF General Regulation, the management of your company has informed us of its decision to postpone the application of the single electronic information format as defined by the delegated European regulation 2019/815 of 17 December 2018 to fiscal years beginning on or after 1 January 2021. Consequently, this report does not include a conclusion on compliance with this format in the presentation of the annual financial statements intended to be included in the annual financial report mentioned in I of Article L. 451-1-2 of the French Monetary Code, and financial.

### Appointment of the Statutory Auditors

We were appointed as Statutory Auditors by your company's general meeting held on [date] in the case of [cabinet] and on [date] in the case of ERNST & YOUNG et Autres.

As at 31 December 2020, MAZARS was in the seventeenth straight year of its engagement and ERNST & YOUNG et Autres in the eighth year.

Prior to this, the firm Groupe PIA, which later became Conseil Audit & 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 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 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 accounts.

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, 25 February 2021

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 2020

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 your 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 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. 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

We hereby inform you that we have not been informed of any authorised agreement entered into during the past fiscal year to be submitted for approval by the General Meeting pursuant to the provisions of Article L. 226-10 of the French Commercial Code.

### 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 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***

**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.

#### 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***

Associates' pact relating to Kombon

This agreement was signed on 1 July 2019 between Caisse des Dépôts et Consignations, Sogecap, Covivio Hotels Gestion Immobilière, 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 Immobilière and Kombon S.A.S.
- the management and governance of Kombon S.A.S.
- the terms and conditions for the transfer of shares.

***b) 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 Immobilière, 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 Immobilière and Oteli France
- management and governance of Oteli France and its subsidiaries
- the terms and conditions for the transfer of shares.

***c) 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 Immobilière, 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 Immobilière and Jouron SPRL
- management and governance of Jouron SPRL
- the terms and conditions for the transfer of shares.

#### 3. 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, Foncière 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 2020, 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 €3,686 thousand in respect of the fiscal year ended 31 December 2020.

## 4. 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 2020, 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 concluded on 29 November 2011 between your company, SCI 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 2020, 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 2020, this agreement did not have an impact on the financial statements.

## 5. 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 2020, the amount covered by your Company was €5,976 thousand.

Courbevoie and Paris-La Défense, 25 February 2021

The Statutory Auditors

| MAZARS | ERNST & YOUNG et Autres |
|---|---|
| Claire Gueydan | Anne Herbein |

# 3.8 Resolutions proposed to the Combined General Meeting of 8 April 2021

Ladies and Gentlemen, shareholders of the company Covivio Hotels (the "company"), are invited to attend the Combined General Meeting to be held at 9.30am on 8 April, at the company's registered office, 30, avenue Kléber - 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 2020.
- Approval of the consolidated accounts for the year ended 31 December 2020.
- Allocation of income – Dividends distribution.
- 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 referred to in Article L. 22-10-77 I. of the French Commercial Code relating to all compensation 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 2020 or allocated for the same fiscal year to Mr 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 2020 or allocated for the same fiscal year to the company Covivio Hotels Gestion as General Manager.
- Ratification of the co-option of Adriana Saitta as a member of the Supervisory Board.
- Renewal of the term of office of Mr Christophe Kullmann as a member of the Supervisory Board.
- Renewal of the term of office of Olivier Estève as a member of the Supervisory Board.
- Renewal of the term of office of Adriana Saitta as a member of the Supervisory Board.
- Renewal of the term of office of ACM VIE as a member of the Supervisory Board.
- Renewal of the term of office of SOGECAP as a member of the Supervisory Board.
- Renewal of the term of office of Caisse des Dépôts et Consignations as a 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

- Amendment of Articles 8 (Form and transfer of shares) and 9 (Rights and obligations granted to shares) of the Company's Articles of Association.
- 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 2020**

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 2020 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 2020, which include the balance sheet, income statement and notes, as presented, and showing a profit of €168,212,028.29.

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 accounts for the year ended 31 December 2020**

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 accounts, approves the consolidated accounts for the fiscal year ended 31 December 2020, 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 2020, which amounts to -€337,396.

### RESOLUTION 3

**Allocation of income – Dividends distribution**

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 €168,212,028.29, increased by the retained earnings of €33,300,149.36, brings the distributable profit to an amount of €201,512,177.65, 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
- the payment of €34,462,380.16 in dividend to shareholders
- €166,549,797.49 to the retained earnings account.

Each share will thus receive a dividend of €0.26.

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 15 April 2021.

Based on the total number of shares that made up the share capital at 31 December 2020, *i.e.* 132,547,616 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 €34,462,380.16 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 €34,462,380.16. The dividend drawn against profits subject to corporate income tax amounts to €0.

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 |
|---|---|---|---|---|
| 2019 | 121,036,633 | €1.55 | €0 or €0.5418 if election is made for the income tax scale option | €1.55 or €1.0082 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 |
| 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 |

## 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 special report by the Statutory Auditors on the regulated agreements 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 2020.

## 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. 22-10-78 of the French Commercial Code specifically describing the components of the remuneration policy for corporate officers, approves, in application of Article L. 22-10-76 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. 22-10-78 of the French Commercial Code specifically describing the components of the remuneration policy for corporate officers, approves, in application of Article L. 22-10-76 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 referred to in Article L. 22-10-77 I. of the French Commercial Code relating to all compensation of corporate officers**

The General Meeting, voting 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. 22-10-78 of the French Code, approves, in accordance with Article L. 22-10-77 I. of the French Commercial Code, the information referred to in Article L. 22-10-9 I. of the Code on all compensation paid to corporate officers, and appearing 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 2020 or allocated for the same fiscal year to Mr Christophe 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. 22-10-78 of the French Commercial Code, duly notes, in application of Article L. 22-10-77 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 2020 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 2020 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. 22-10-78 of the French Commercial Code, approves, in application of Article L. 22-10-77 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 2020 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

**Ratification of the co-option of Adriana Saitta as a member of the Supervisory Board**

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, having reviewed the General Manager's report, ratifies the co-option by the Supervisory Board meeting of 15 July 2020 of Adriana Saitta as a member of the Supervisory Board, in replacement of Patricia Damerval, for the remainder of her term of office, *i.e.* until the end of the General Meeting to be called in 2021 to approve the financial statements for the year ended 31 December 2020.

## RESOLUTION 11

**Renewal of the term of office of Mr Christophe Kullmann as a 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 Mr Christophe Kullmann 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 Mr Christophe Kullmann 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 2024 to approve the financial statements for the fiscal year ending 31 December 2023.

## RESOLUTION 12

**Renewal of the term of office of Olivier Estève as a 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 Mr Olivier Estève 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 Mr Olivier Estève 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 2024 to approve the financial statements for the fiscal year ending 31 December 2023.

## RESOLUTION 13

**Renewal of the term of office of Adriana Saitta as a 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 Ms Adriana Saitta 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 Ms Adriana Saitta 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 2024 to approve the financial statements for the fiscal year ending 31 December 2023.

## RESOLUTION 14

**Renewal of the term of office of ACM VIE as a 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 ACM VIE 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 ACM VIE 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 2024 to approve the financial statements for the fiscal year ending 31 December 2023.

## RESOLUTION 15

**Renewal of the term of office of SOGECAP as a 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 SOGECAP 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 SOGECAP 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 2024 to approve the financial statements for the fiscal year ending 31 December 2023.

## RESOLUTION 16

**Renewal of the term of office of Caisse des Dépôts et Consignations as a 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 Caisse des Dépôts et Consignations 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 Caisse des Dépôts et Consignations 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 2024 to approve the financial statements for the fiscal year ending 31 December 2023.

## RESOLUTION 17

**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. 22-10-62 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:

- this delegation would terminate, with immediate effect, for the unused portion, the delegation granted by the Combined General Meeting of 7 May 2020.
- 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 thirty-five euros (€35) 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 18, 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 from 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 18

**Amendment of Articles 8 (Form and transfer of shares) and 9 (Rights and obligations granted to shares) 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, decided to amend:

- Article 8 of the Articles of Association of the Company in order to limit, in the event of non-compliance with their obligation, the deprivation of voting rights at the General Meeting of any Concerned Shareholder (as this term is defined in the Articles of Association) to their shares not registered in registered form only.

Consequently, Article 8 of the Articles of Association now reads as follows:

"**Article 8 – Form and disposal of shares**

[...]

Shares will be registered or bearer shares, at the shareholder's choice. Nevertheless:

**(i)** 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

**(ii)** 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").

(together 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, for the purposes of the relevant General Meeting, at the number of shares that they have registered.

The Concerned Shareholder referred to above will regain all of the voting rights attached to the shares it holds in the company, 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 remainder of Article 8 remains unchanged.

- Article 9 (2) of the Company's Articles of Association in order to update it with the recodification of the provisions of Article L. 225-123, last paragraph of the French Commercial Code, now Article L. 22-10-46 of the Code under the terms of Order No. 2020-1142 of 16 September 2020 creating, within the French Commercial Code, a division specific to companies whose securities are admitted to trading on a regulated market or on a multilateral system negotiation.

As a result, Article 9 (2) of the Articles of Association now reads as follows:

"**Article 9 - Rights and obligations allocated to shares**

[...]

(2) Each shareholder will have the same number of votes as the number of shares owned or represented. Double voting rights are not granted pursuant to Article L. 22-10-46 of the French Commercial Code".

The remainder of Article 9 remains unchanged.

## RESOLUTION 19

**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:

- this delegation would terminate, with immediate effect, for the unused portion, the delegation granted by the Combined General Meeting of 7 May 2020.
- hereby fully authorises the General Manager, in accordance with the provisions of Articles L. 225-129, L. 225-129-2, L. 225-130 and L. 22-10-50 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 fifty-three million (€53,000,000), 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 21 to 26
- 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

(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 20

**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. 22-10-62 of the French Commercial Code:

- this delegation would terminate, with immediate effect, for the unused portion, the delegation granted by the Combined General Meeting of 7 May 2020.
- 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 17 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 21

**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:

- this delegation would terminate, with immediate effect, for the unused portion, the delegation granted by the Combined General Meeting of 7 May 2020.
- 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 sixty-five million euros (€265,000,000), 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 19 and 22 to 26

- 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 22 to 25 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 company shares 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 22

**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. 22-10-51, L. 225-136, L. 22-10-52 and L. 228-91 et seq. of the French Commercial Code:

- this delegation would terminate, with immediate effect, for the unused portion, the delegation granted by the Combined General Meeting of 7 May 2020
- 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 21 and 23 to 25, 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 whose issue 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 the Company's capital increases that may be carried out immediately or in the future under this delegation may not exceed fifty-three million euros (€53 million). 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 19, 21, and 23 to 26.

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. 22-10-51 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. 22-10-52 of the French Commercial Code, the General Meeting resolves that:

- the issue price of shares will be at least equal to the minimum price authorised by law and regulations in force at the time this delegation is used, which, for indicative purposes, at the time of this General Meeting was 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 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 (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), the conditions for amortisation based on market conditions, and the conditions under which these securities will give entitlement to company shares 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 23

**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:

- this delegation would terminate, with immediate effect, for the unused portion, the delegation granted by the Combined General Meeting of 7 May 2020
- 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 21 and 22, 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 24

**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, and Article L. 22-10-53 of said Code:

- this delegation would terminate, with immediate effect, for the unused portion, the delegation granted by the Combined General Meeting of 7 May 2020
- 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. 22-10-54 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 19, 21 to 23, 25 and 26
- 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 21 to 23 and 25, 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 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.

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 a regulated market in France or abroad of all rights, shares or other securities issued under this delegation and ensuring the financial servicing of the securities in question and exercise of the corresponding rights.

## RESOLUTION 25

**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. 22-10-54 and L. 228-91 et seq. of the French Commercial Code:

- this delegation would terminate, with immediate effect, for the unused portion, the delegation granted by the Combined General Meeting of 7 May 2020.
- 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. 22-10-54 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 fifty-three million (€53,000,000); 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 19, 21 to 24 and 26; 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 21 to 24, 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, shares and other securities 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 carried out under this delegation, and amending the company's Articles of Association accordingly.

## RESOLUTION 26

**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:

- this delegation would terminate, with immediate effect, for the unused portion, the delegation granted by the Combined General Meeting of 7 May 2020
- 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 19 and 21 to 25
- 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 27

**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 8 April 2021**

**Resolution 20**

To the General Meeting of Covivio Hotels,

In our capacity as Statutory Auditors of your company and in compliance with article L. 22-10-62 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 have no matters to report on the terms and conditions of the proposed reduction in capital.

Courbevoie and Paris-La Défense, 12 March 2021

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 8 April 2021**

**Resolutions 21, 22, 24 and 25**

To the General Meeting of Covivio Hotels,

In our capacity as your company's Statutory Auditors and in accordance with articles L. 228-92, L. 225-135 et seq, and L. 22-10-52 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, 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:
  - issue with preferential subscription rights (Resolution 21) of company shares and/or securities (including new or existing warrants), giving access by any means, immediately or in the future to the Company's share capital, issued free of charge or for consideration, it being specified that this delegation may allow the issuance of transferable securities under the conditions provided for in Article L. 228-93 of the French Commercial Code
  - issue with cancellation of preferential subscription rights by way of a public offering (Resolution 22) of company shares or any securities giving access by any means, immediately or in the future, to the Company's share capital, it being specified that this delegation of authority may allow the issuance of transferable securities under the conditions provided for in Article L. 228-93 of the French Commercial Code
  - the issue, in the event of a public exchange offer initiated by your company (Resolution 25), of company shares and/or other securities granting access by any means, 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 company shares and/or other securities conferring immediate or deferred access by any means 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 24), within the limit of 10% of the company's equity.

The total nominal amount of capital increases likely to be carried out immediately or in the future may not exceed:

- €265 million in respect of the Resolution 21
- €53 million in respect of each of the Resolutions 22 and 25.

The nominal amount of the securities representing debt securities giving access to the company's share capital immediately and/or in the future, that may be issued pursuant to the Resolutions 21, 22, 23, 24 and 25 May not exceed the total amount of one billion euros (€1,000,000,000), the overall ceiling for all issues of debt securities.

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 21 and 22 under the conditions provided for in article L. 225-135-1 of the French Commercial Code, if you adopt Resolution 23.

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 22.

As the bases of determination of the issue prices for the equity securities to be issued in the framework of Resolutions 21, 24 and 25, 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 22 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.

Courbevoie and Paris-La Défense, 12 March 2021

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 8 April 2021**

**Resolution 26**

To the General Meeting of Covivio Hotels,

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 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, with powers to subdelegate, 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.

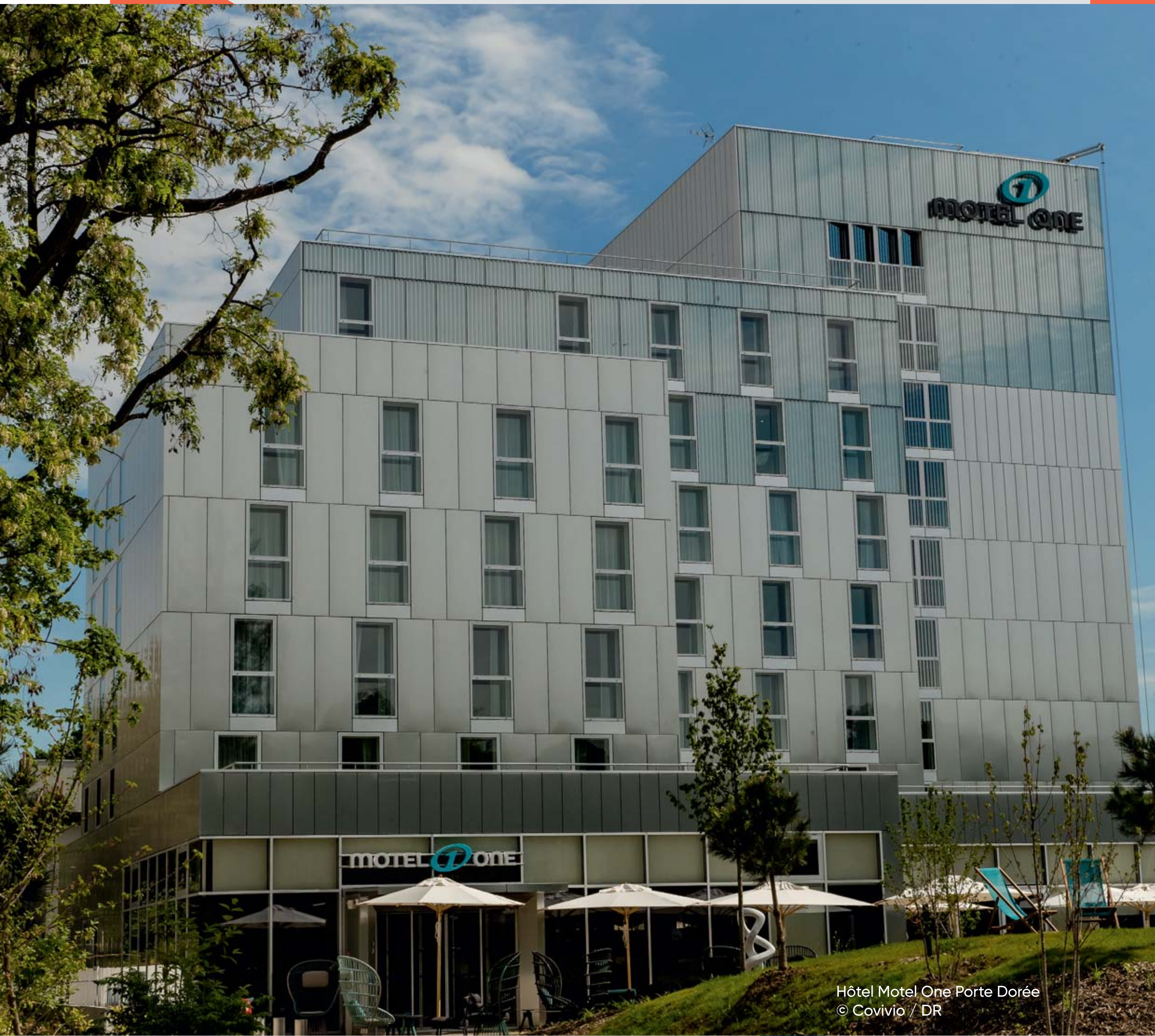
As the final terms and conditions applicable to any actual issue of securities have not been established, we do not at present express any opinion in their respect nor, therefore, in respect of the proposal for waiver of shareholders' preferential right of subscription.

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.

Courbevoie and Paris-La Défense, 12 March 2021

The Statutory Auditors

| **MAZARS** | **ERNST & YOUNG et Autres** |
|---|---|
| Claire Gueydan | Anne Herbein |




Hôtel Motel One Porte Dorée
© Covivio / DR

**€6.5 billion** hotel portfolio.

# 4

# Control of the Company

# 4.1 Report by the Supervisory Board to the Combined General Meeting of 8 April 2021

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 2020.

## 4.1.1 Main highlights of the year

### Hotel industry was hit hard by the crisis

The European hotel business has been affected by an unprecedented crisis since the end of the first quarter 2020. Lockdowns and travel restrictions forced hoteliers to close most of their hotels in the first quarter of 2020. While the performance of the months of July and August showed the hotel industry's ability to rebound (with an average occupancy rate in Europe of 39% in August compared with 7% in May), the new restrictions in the autumn affected all European countries. Overall, the year 2020 saw RevPar[1] fall by 67.3% in Europe.

### Strong partnerships with hotel operators

Covivio Hotels, a long-standing partner of the leading hotel operators, has been working to implement solutions to help them through this crisis. The agreements reached with 95% of tenants under fixed leases (B&B, NH Hotels, Barcelo, Motel One, MEININGER, Melia Hotels International, HCI, Club Med, Groupe Pierre & Vacances, Hotusa group), have alleviated the difficulties faced by operators. *via* deductibles or payment facilities. In return, these agreements made it possible to extend the average firm lease term of Covivio Hotels by 1.5 years.

### Completion of the acquisition of eight city-centre hotels in major European tourist destinations, leased to NH Hotels

Covivio Hotels remains confident in the medium-/long-term outlook for tourism in Europe and in September 2020 sealed the €573 million acquisition of a portfolio of eight hotels agreed at the start of 2020. The hotels are located in major European tourist destinations, Rome, Florence, Venice (x2), Nice, Prague and Budapest (x2).

With a total of 1,115 rooms, these hotels are operated by NH Hotel Group under firm triple net long-term leases with variable rent[2] including a guaranteed minimum, resulting in a minimum yield of 4.7%.

### A unique portfolio in Europe

Covivio Hotels holds a portfolio worth €5,937 million (€6,620 million at 100%) at the end of December, 88% located in major European cities and let to leading industry operators. Impacted by the decline in revenues and the prospect of a gradual recovery of activity, the hotel portfolio saw its appraisal value drop by 6.9% on a like-for-like basis.

The main decreases came from the portfolio assets whose revenues were the most affected: hotels in the United Kingdom (-14.3%), hotel operating properties (-7.3%) and AccorInvest variable-rent assets (-6.3%). Conversely fixed-rent assets, for which agreements have been signed and the duration of leases extended, saw their value hold up better with a decrease of only 4.0%.

During the year, Covivio Hotels sold €144 million of assets, comprising 15 B&B hotels (11 in Germany and four in France) and seven retail properties (six Jardiland and one Courtepaille), at prices in line with their 2019 appraisal values.

### A solid financial structure

In 2020, Covivio Hotels strengthened its balance sheet with a capital increase of €185 million *via* the option of payment of the dividend in shares, chosen by 98.6% of the share capital.

At the end of December 2020, Covivio Hotels had undrawn liquidity and credit lines amounting to nearly €290 million.

At the end of December 2020, the Loan To Value (LTV) ratio including duties was 41.9% and the ICR ratio was 2.20, impacted by the drop in income caused by this year's events. The average maturity of Covivio Hotels' debt is 4.4 years.

In view of the uncertainty surrounding the recovery of the hotel business in the first half of the year, Covivio Hotels requested and obtained from its creditors a suspension of its consolidated ICR covenant (2x) for the first half of 2021.

*(1) RevPar: revenues per room*
*(2) Excl. Nice*

## 4.1.2 Overview of activity and results for the year

### A high level of hotel rental income reflecting the strength of the rental base

Thanks to the quality of its portfolio and its tenants, the rent collection rate stands at 92% (73% taking into account rent-free periods and deferred payments negotiated with tenants).

Unpaid rents in 2020 amounted to €8 million. These receivables were fully provisioned at the end of December.

### Annual revenues: €132.1 million Group share

Covivio Hotels' revenues fell by 54.8% on a like-for-like basis:

Hotel Lease properties (80% of the portfolio):

- variable-rent hotels: the portfolio, most of which is let to AccorInvest (22% of the portfolio), in France and Belgium, and made up of economic (Ibis) and midscale (Novotel, Mercure) hotels, was largely closed in the second quarter and heavily impacted by new restrictions in the fourth quarter.

With rents fully indexed to revenues, this portfolio posted revenues of €16.2 million, down by 73% on 2019.

- hotels in the United Kingdom let to IHG (13% of the portfolio)

Hotels in the United Kingdom were directly impacted by government administrative closure from late March to early July for England and mid-July for Scotland. Of the 12 hotels in the portfolio, four reopened in July and four in September. Following the new restrictions in December, six hotels were forced to close, while four have never reopened since March. These exceptional events triggered a major underperformance (MAC) clause written into the lease, which reduces rents when the operators' losses exceed 1/3 of annual rent. As a result, no rental income was recorded in this scope for 2020.

- other hotel lease properties (44% of the portfolio): fixed-rent hotel real estate let to B&B, NH Hotels, Motel One, Barcelo, Hotusa, etc. on long leases. The agreements secured with tenants have limited the drop in income to only €0.9 million over the half-year. The residual decrease of -€0.6 million is mainly due to a transition period between two tenants of a hotel in Madrid.

Hotel Operating properties (20% of the portfolio):

Most of these hotels are located in Germany (mainly Berlin) and northern France. Most were closed for much of 2020: from March to May and then in November and December. Their performance is therefore down by 88% compared to 2019.

### Financial indicators at the end of December 2020

EPRA Net Tangible Asset NAV (EPRA NTA) amounted to €3,195 million, down 12% year-on-year due to the negative change in appraisal values. Per share, the reduction amounts to 19.6% over one year, to stand at €24.1/share (compared with €30/share at the end of 2019), following the payment of the dividend in shares. The liquidation NAV (EPRA NDV - Net Disposal Value) amounted to €2,819 million and €21.3 million/share, and the replenishment NAV (EPRA NRV - Net Reinstatement Value) was €3,582 million or €27/share.

EPRA Earnings were €38.8 million (compared with €209.2 million to 31 December 2019), an 81.5% fall, in response to reduced income as a result of hotel closures. Per share, the EPRA Earnings amounted to €0.30 in 2020, compared to €1.74 in 2019.

### Dividends

Covivio Hotels will propose to the vote of the Combined General Meeting of 8 April 2021 the distribution in cash, of a dividend of €0.26 per share, corresponding to the distribution obligation related to the SIIC tax regime.



## 4.1.3 Outlook for 2021

At the beginning of the year, the European hotel business remains severely affected by the consequences of the pandemic but the first effects of the vaccination campaigns now deployed in Europe, and more particularly in the countries in which Covivio Hotels operates, together with the end of travel restrictions, should allow a gradual recovery of the hotel business. Covivio Hotels will be able to rely on the quality and diversity of its let portfolio, operated by leading European and international operators, to bring about long-term growth in its results.

The Supervisory Board has no specific comments to make on the management report of the General Manager and the 2020 results and invites you to approve the financial statements for the 2020 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, prepared by the Supervisory Board in accordance with Article L. 22-10-78 of the French Commercial Code and attached to the General Manager's report, reports to the shareholders, in accordance with the provisions of Articles L. 22-10-8 to L. 22-10-11 and L. 225-37-4 of the French Commercial Code, the composition of the Supervisory Board and the application within it of the principle of balanced representation of women and men, conditions for the preparation and organization of its work, information relating to the remuneration policy and the overall and individual remuneration of corporate officers for the fiscal year 2020, and items likely to affect any public offering.

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 (COO), 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 12 February 2021. 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).

### Preamble: governance principles

1. Adherence to the Afep-Medef Code

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-revisé-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.

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 align itself with the governance objectives defined by this Code and to comply with it, particularly with regard to the assessment of the Board's work and attention to the risks of conflicts of interest. However, certain provisions of the Code have not yet been fully implemented by the company. In accordance with the provisions of Article L. 22-10-10 paragraph 4, of the French Commercial Code and of Article 27.1 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 proportion of independent members on the Supervisory Board at 31 December 2020 was 29%. This portion will be increased to 23% as of 8 April 2021, following the expiry of the term of office of Jean Luchet.<br>The current shareholder structure, with a main shareholder holding 43.46% of the company's equity and six 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 | The Supervisory Board has decided to propose to Arnaud Taverne, representative of Caisse des Dépôts et Consignations, independent member, and to Mr Emmanuel Chabas, representing Predica, to join the Audit Committee during the Supervisory Board meeting of 7 May 2020, thereby becoming a member of the Audit Committee, thus increase the independence rate to 25%. While this threshold is insufficient with regard to the recommendations of the Afep-Medef Code, the choice of members of the Audit Committee is primarily dictated by their financial and/or accounting expertise. All members of the Audit Committee therefore have the expertise recommended by the Afep-Medef Code. |
| Absence of an Appointments and Remuneration Committee and a succession plan | The General Manager of Covivio Hotels is paid in accordance with the terms and conditions set out in the Articles of Association. |
| Holding of at least one Board or Committee meeting each year without the presence of executive corporate officers | No Board meetings were held in the absence of the General Manager in 2020, for logistical reasons related to the health crisis. The conditions for a free discussion without the presence of the executive officers were, however, created in such a way that it could easily take place if the need arose. |

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:

- 7 May 2020: update following the new composition of the Audit Committee
- 15 November 2020: update of the Internal Regulations in application of the provisions of the Afep-Medef Code revised in January 2020, and update of the guide on the prevention of insider trading appended to the Internal Regulations following the decision to proceed with the procedure, the systematic publication of a quarterly communication by Covivio Hotels.

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/.

2. Balance of powers

A partnership limited by shares is a partnership with two categories of partners:

- one or more General Partners, indefinitely responsible for corporate liabilities on their own assets
- Limited Partners (shareholders) who are in the same situation as the shareholders of a public limited company: their shares are tradable under the same conditions and their liability is limited to the amount of their contribution. They are represented by a Supervisory Board.

The partnership limited by shares is managed by one or more General Managers, individuals or legal entities, chosen from among the General Partners or from non-partner third parties.

Given the existence of two categories of partners, collective decisions require a double consultation: that of the Limited Partners, meeting in General Meeting, and that of the General Partners. However, the Limited Partners alone appoint members of the Supervisory Board, and the General Partners, if they are also Limited Partners, do not take part in the vote.

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 a partnership limited by shares, the financial statements are closed by the management and not by the Supervisory Board.

## 4.2.1 Management bodies

### 4.2.1.1 Composition of management

The company is managed and administered by one or more general managers.

The management of the company has been exercised since 30 November 2004 by a single General Manager: Covivio Hotels Gestion.

The term of office of Manager of Covivio Hotels Gestion was renewed, on the decisions of the Supervisory Board, on 9 February 2010 and 9 February 2016, for successive periods of six years, the last one expiring at the end of the Supervisory Board meeting tasked with hearing the Management's report on the Company's activities for the financial year ended 31 December 2021.

In accordance with the provisions of article L. 225-37-4 item 1 of the French Commercial Code and 12.1 of appendix 1 of Delegated Regulation (EU) 2020/980 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 2020 fiscal year and during the last five fiscal years, as well as the biography of the Chairman of Covivio Hotels Gestion:



### Covivio Hotels Gestion

30 avenue Kléber - 75116 Paris

Paris Trade and Companies Register 450 140 298

**Number of shares held at 31 December 2020: 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 in the year ending 31 December 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 2020: 43,139**

### 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 (COO), then Head of Development and Asset Management.

In 2011, he became Chief Executive Officer of the company, which today manages nearly 400 hotels. In 2014, he instigated the launch of Covivio's operating properties investment business. 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.

In addition to his duties as Chief Executive Officer of Covivio Hotels, Dominique Ozanne has been Deputy General Manager of Covivio since 2018.

### 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 of term**: Supervisory Board meeting tasked with hearing the management report on the activities of the company in the year ending 31 December 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)

**Chairman:** Covivio Hotels Gestion (SAS), Foncière Ulysse (SAS), Foncière B2 Hôtel Invest SAS, Foncière B3 Hôtel Invest SAS, Foncière B4 Hôtel Invest 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

**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, Chartes Avenue de Sully (since 25.08.2020)

**Legal representative of Covivio, Co-Manager**: Fontenay-sous-Bois Rabelais (SCCV)

**Legal representative of Covivio, Chairman**: Technical (SAS), 6 rue Fructidor (SAS)

**Chairman of Covivio Hotels Gestion, Managing Partner of Covivio Hotels, Chairman**: SAS Samoëns, Sté Immobilière Verdun (SAS) (since 7 September 2020)

**General Manager of Covivio Hotels Gestion Immobilière, Director of the Belgian companies**: Foncière IGK SA, Foncière Gand Cathédrale SA, Foncière Bruxelles Sainte Catherine SA

**General Manager**: Foncière Manon (SARL), Loire (SARL), Covivio Hotels Gestion Immobilière (SNC)

### Terms of office expired within the last five fiscal years:

**Alternate member**: Foncière Développement Tourisme Partnership Committee (SPPICAV) (ended in 2019)

**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 (ended in 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), *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)

## 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 2020: 43,139**

**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

**General Managers of Spanish companies**: Investment FDM Rocatierra SL, Bardiomar SL, Trade Center Hôtel SLU, B&B Invest Spain SLU

**Member of the Committees**: SAS Samoëns Partnership Committee

**Offices held in companies in which the Covivio group holds a minority stake but exercises operational control:**

**Chairman of the Board of Directors**: OTELI France (SPPICAV incorporated as a SAS), KOMBON SAS

**Director**: IRIS INVEST 2010 SPPICAV, Camp Invest SPPICAV

**Chairman**: FONCIERE IRIS (SAS), SABLES D'OLONNE (SAS), CAMPELI (SAS)

**Chief Executive Officer**: IRIS HOLDING FRANCE (SAS)

**General Manager of Covivio Hotels Gestion Immobiliere, Chairman**: CBI ORIENT SAS, CBI EXPRESS SAS, KOMBON SAS

**General Manager of Covivio Hotels Gestion Immobiliere, Sole General Manager**: JOURON SPR (Belgian company)

**Member of the following committees**: Strategic Committee of IRIS HOLDING France SAS, Management Board of SCI DAHLIA

**Offices held outside the Group:**

**General Manager**: Maro Lux SARL, Roma Lux SARL

### 4.2.1.2 Powers of the General Manager and its limitations

#### 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.

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.

#### 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 Supervisory 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 only 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.

### 4.2.1.3 General Manager's shareholding

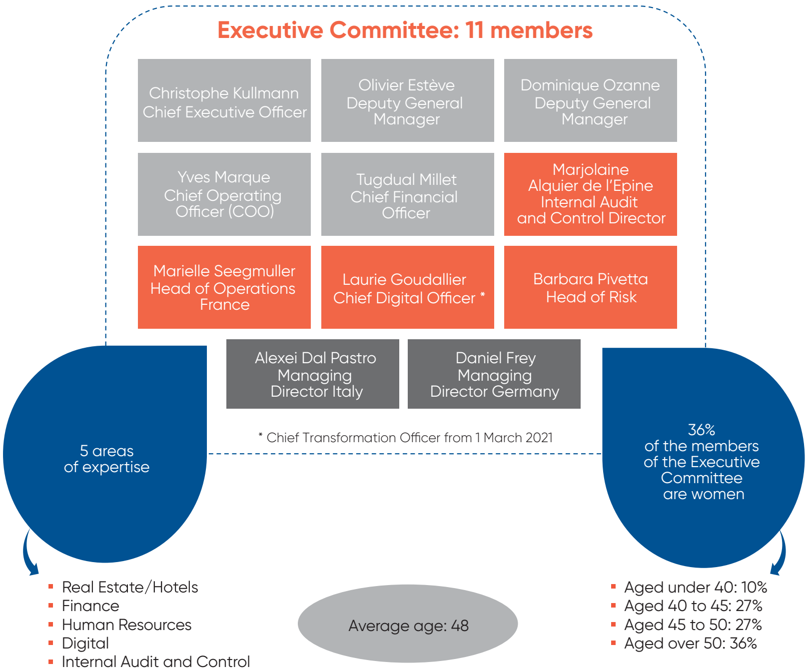
The General Manager, Covivio Hotels Gestion, is not a shareholder of the company.

### 4.2.1.4 Role of the Executive Committee and Management Committees in the functioning of General Management

General Management is structured around various committees set up within Covivio, including the Executive Committee at European level.

The Executive Committee, at the heart of the corporate governance system, is a forum for reflection, consultation and decision-making on the Group's major strategies. Composed of representatives from all of the Group's "country" and "product" activities, as well as corporate functions, it is in charge of implementing the strategy defined by Covivio's Board of Directors, and of monitoring transnational and cross-functional projects, and the coordination of European activities. 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 supported by Management Committees set up in France, Germany and Italy, in charge of (i) monitoring and boosting operations, (ii) implementing the budget (finance, asset management, portfolio) and (iii) HR, digital and organisational matters.




The diversity of these governing bodies, both in terms of gender balance and in terms of nationality, age, experience and skills, enables the Company to best support the Group's strategic challenges.

** Chief Transformation Officer from 1 March 2021*

### 4.2.1.5 Diversity policy within governing bodies

The Covivio Hotels teams are part of the UES Covivio, for which the fight against discrimination and the promotion of diversity are strong commitments, implemented *via* a policy of non-discrimination and diversity, particularly with regard to the balanced representation of women and men in the Company's governing bodies.

Covivio was a signatory to the Diversity Charter in 2010 and the Global Compact in 2011. Its General Management is convinced that diversity, *i.e.* the variety of human profiles, is a factor favouring 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. Covivio also encourages a greater presence of women in management and guarantees 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.

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.

The distribution of the female workforce in France is stable: 56% at the end of 2020, compared to 58.4% at the end of 2019. In managerial functions, the company has achieved gender equality: 50% of managers were women on 31 December 2020, against 50% at the end of 2019.

In 2020, the proportion of women on the Executive Committee of Covivio increased significantly, reaching 36% at year-end compared to 27% in 2019. The France Management Committee is 40% female compared to 44% in 2019. The share of women in the 10% of positions with the highest responsibility is 44.7%, against 40.6% in 2019.

In February 2020, the Appointments and Remuneration Committee proposed to the Board of Directors, which accepted it, that one of the performance targets for free shares granted to corporate officers should be linked to the number of women in management. Accordingly, the Board has set a quantified target for women in management based on a composite index comprising:

- the proportion of women in the Executive Committee
- the proportion of women on the Country Management Committees
- the proportion of women managers
- the annual equality index.

In addition, on the proposal of General Management, and after review by the Appointments and Remuneration Committee, the Board of Directors of Covivio set, at its meeting of 16 December 2020, the target of gradually increasing the number of women on the Executive Committee. The target set by the Board is to increase it to 40% or more by 2023. Similarly, the Board has set the objective of increasing the average number of women in the three national Management Committees (France, Germany and Italy), from 26% to 40% by 2023. To this end, Covivio's General Management intends to promote an environment conducive to gender parity at all levels of the Group, as follows:

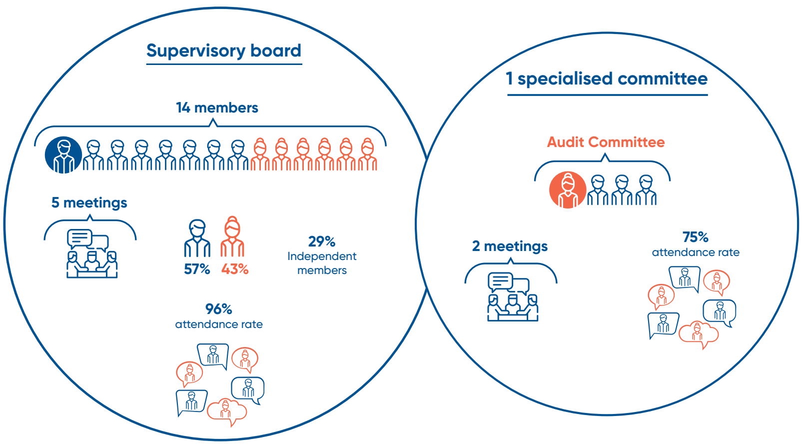
- improve gender balance in recruitment
- ensure equal opportunities in career paths, including women only mentoring programmes
- guarantee equal pay for men and women in the same job, for the same level of skills, responsibilities and results
- guaranteeing equality in terms of professional development and salary in the event of a career break in the context of parental, maternity or adoption leave.

## 4.2.2 Supervisory Board

### 4.2.2.1 Composition of the Supervisory Board in 2020

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.

As at 31 December 2020, the Supervisory Board had 14 members.



| | | | Date of first appointment | | | |
|---|---|---|---|---|---|---|
| Member's first name and surname or company name | Nationality | Age | Legal entity | Permanent/physical representative | Date of last renewal | Date of expiry of term of office |
| Christophe Kullmann | | 55 | / | 30/11/2004 | 06/04/2018 | 2021 |
| Olivier Estève | | 56 | / | 06/04/2011 | 06/04/2018 | 2021 |
| Najat Aasqui | | 39 | / | 07/05/2020 | / | 2023 |
| Covivio Participations represented by Joséphine Lelong-Chaussier | | 38 | 18/11/2015 | 26/10/2018 | 07/04/2017 | 2023 |
| Covivio represented by Laurie Goudallier | | 33 | 30/11/2004 | 18/10/2019 | 07/04/2017 | 2022 |
| Foncière Margaux represented by Marielle Seegmuller | | 48 | 13/07/2018 | 07/04/2017* | / | 2023 |
| Predica, represented by Emmanuel Chabas | | 44 | 30/11/2004 | 17/02/2016 | 07/04/2017 | 2022 |
| ACM Vie, represented by François Morrisson | | 55 | 30/11/2004 | 22/03/2011 | 06/04/2018 | 2021 |
| Generali Vie, represented by Sébastien Pezet | | 45 | 30/11/2004 | 01/11/2008 | 07/04/2017 | 2022 |
| Cardif Assurance Vie represented by Nathalie Robin | | 58 | 19/02/2008 | 19/02/2008 | 07/04/2017 | 2022 |
| Sogecap, represented by Yann Briand | | 46 | 06/04/2018 | 06/04/2018 | / | 2021 |
| Caisse des Dépôts et Consignations, represented by Arnaud Taverne | | 47 | 06/04/2018 | 06/04/2018 | / | 2021 |
| Adriana Saitta | | 50 | / | 15/07/2020 | / | 2021 |
| Jean Luchet | | 76 | / | 08/04/2009 | 06/04/2018 | 2021 |
| **Percentage of independent: 29%** | **Average age: 49 years** | | | | | **Average seniority** |
| **Percentage of women: 43%** | | | | | | |

* Marielle Seegmuller, the permanent representative of GFR Kléber, who resigned on 30/05/2018

| Seniority on the Board | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Legal entity | Permanent representative/ Physical Person | Independence | 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 31/12/2020 |
| / | 16.2 | NO | Chief Executive Officer of Covivio | / | 100% | / | 0 | 2,515 |
| / | 9.8 years | NO | Deputy General Manager Officer of Covivio | Member of the Audit Committee | 100% | / | 0 | 842 |
| / | 0.8 years | NO | Head of listed equities and real estate portfolios | / | 100% | 100% | 4 | 6 |
| 5.2 | 2.3 years | NO | Head of Corporate Legal M&A of the Covivio Group | / | 100% | / | 0 | 1 |
| 16.2 years | 1.3 years | NO | Chief Digital Officer of Covivio | / | 100% | / | 0 | 57,601,139 |
| 2.6 years | 3.8 years | NO | Covivio Head of Operations France | / | 100% | / | 0 | 1 |
| 16.2 years | 5 years | NO | Crédit Agricole Assurances Head of Real Estate Investments | Member of the Audit Committee | 100% | 0% | 3 | 19,027,865 |
| 16.2 years | 9.8 years | NO | Equity Manager ACM | / | 100% | / | 0 | 10,265,804 |
| 16.2 years | 12.2 years | NO | Head of Generali Real Estate Spa in France | / | 100% | / | 0 | 9,712,244 |
| 13 years | 13 years | NO | Head of Real Estate BNP Paribas Cardif | Chairman of the Audit Committee | 100% | 100% | 2 | 14,048,356 |
| 2.8 years | 2.8 years | YES | Head of Real Estate Sogecap | / | 100% | / | 2 | 6,835,596 |
| 2.8 years | 2.8 years | YES | Chief Executive Officer of CDC Investissement Immobilier | Member of the Audit Committee | 100% | 100% | 1 | 7,144,642 |
| / | 0.6 years | YES | Chief Executive Officer of Intesa Sanpaolo Paris | / | 50% | / | 0 | 10 |
| / | 11.8 years | YES | Chairman of the Loi 1901 association | / | 100% | / | 0 | 11 |
| **10.1 years** | **6.5 years** | | **Average attendance rate** | | **96%** | **75%** | | |

#### 4.2.2.1.1 Changes in the composition of the Supervisory Board in 2020

**Changes made to the composition of the governance bodies during 2020**

| Governance body | Date | Departure | Appointment | Renewal |
|---|---|---|---|---|
| General Meeting | 7 May 2020 | Françoise Debrus | Najat Aasqui | Foncière Margaux represented by Marielle Seegmuller<br>Covivio Participations represented by Joséphine Lelong-Chaussier |
| Supervisory board | 4 June 2020 | Patricia Damerval | | |
| | 15 July 2020 | | Adriana Saitta | |
| Audit Committee | 7 May 2020 | Françoise Debrus | Emmanuel Chabas | |
| Audit Committee | 7 May 2020 | | Arnaud Taverne | |

| | Number of members | | Percentage of independent | | Percentage of women | | Average age | |
|---|---|---|---|---|---|---|---|---|
| Body | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 |
| Supervisory Board | 14 | 14 | 29% | 29% | 43% | 43% | 51 | 49 |
| Audit Committee | 3 | 4 | 33% | 25% | 67% | 25% | 57 | 51 |

#### 4.2.2.1.2 Change in the composition of the Supervisory Board proposed for the fiscal year 2021

At the next General Meeting of 8 April 2021, the following proposals will be put to shareholders:

- to renew, for a period of three years, the terms of office of the following members of the Supervisory Board, which expire in 2021:
  - Christophe Kullmann
  - Olivier Estève
  - Adriana Saitta
  - Acm Vie represented by François Morrisson
  - Sogecap represented by Yann Briand
  - Caisse des Dépôts et Consignations, represented by Arnaud Taverne
- not to renew the term of office of Jean Luchet, reducing the independence rate to 23%

**Impacts of changes in the composition of the Supervisory Board subject to the approval by the Combined General Meeting of 8 April 2021 of the above-mentioned renewals of terms of office of Supervisory Board members.**

### 4.2.2.1.3 Profile, experience and expertise of non-executive corporate officers (information as of 31 December 2020)

The renewal of the terms of office of members of the Board which expired in 2020, the appointment of Najat Aasqui to replace Françoise Debrus and Adriana Saitta to replace Patricia Damerval, have enabled the Board to maintain, with its 14 members, the requisite balance of skills and expertise for the proper governance of the company. The members of the Board collectively have the skills necessary for the proper running of the Supervisory Board, in fields including:

- real estate and hotels
- banking and finance
- environment and CSR
- strategy and M&A
- experience of listed companies
- international experience.

In accordance with the provisions of article L. 225-37-4 item 1 of the French Commercial Code and 12.1 of appendix 1 of Delegated Regulation (EU) 2020/980 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 2020 fiscal year and during the last five fiscal years, as well as the biography of each of them:

## 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 2020: 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 the Fondation Palladio with Covivio and Honorary Chairman of the FSIF.

**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

**Chairman of the Board of Directors:** Foncière Développement Logements (SA)

**Chairman of the Supervisory Board:** Covivio Immobilien SE (European company incorporated under German law)

**Director:** Covivio (SA), public company, Foncière Développement Logement (SA)

**Legal representative of Covivio, Chairman:** Technical (SASU), 6, rue Fructidor (SAS)

**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, Chartres Avenue de Sully (SCCV) (since 25/08/2020)

**Legal representative of Covivio, Co-Manager**: Fontenay-sous-Bois Rabelais (SCCV)

**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 (ended in 2019)

**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)

**Chairm an 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 (ended in 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)

**Legal representative of Covivio, Co-Manager**: Chartres Avenue de Sully (SCCV) (until 25.08.2020)

**Member of the Supervisory Board**: IMMEO AG, German company (change in form from AG to SE on 27/05/2015)

**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 Officer 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 2020: 842**

**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

**Vice-Chairman:** Covivio Immobilien SE (European company incorporated under German law)

**General Manager**: SNC Jean Jacques Bosc, SCI Terre Neuves, SCI Rue de la Louisiane, 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, SNC André Lavignoll, SNC Saint Germain Hennemont (since 17/01/2020), SNC Antony Avenue De Gaulle (since 09/04/2020), SNC Aix en Provence Cezanne (since 15/10/2020)

**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 10 bis and 11 to 13, allée des Tanneurs, SCI du 20, avenue Victor Hugo, SCI du 32, avenue P. Grenier, 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 BI, SCI EuroMarseille BH

**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 (ended in 2019)

**Legal representative of Covivio, 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)

**Member of the Investment Committee**: Foncière Développement Logements (SA) (ended in 2017)

**Chairman**: Foncière Europe Logistique (SAS) (ended in 2016)

**Permanent representative of Covivio 2, Director**: Foncière Développement Logements (SA), public company (ended in 2017)

**General Manager**: SCI Rueil B3 B4 (ended in 2019), Covivio Property (SNC) (ended in 2019), SCI Palmer Montpellier (ended in 2019), Covivio Développement (SNC) (ended in 2019), SARL du 25-27 Quai Félix Faure (ended in 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)

**Legal representative of Foncière Margaux, General Manager**: SCI du 35/37, rue Louis Guérin (until 31.12.20), SCI du 8 rue M. Paul (until 30.06.20), SCI du 682, cours de la Liberation. (ended in 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 2, rue de Verdun (ended in 2016)

**Legal representative of SCI EuroMarseille 1, General Manager**: SCI EuroMarseille BL (ended in 2018), SCI Euromarseille BH2 (ended in 2018)

**Legal Representative of SCI EuroMarseille 2, General Manager**: SCI EuroMarseille M (ended in 2017)

**Legal representative of Covivio, Co-Manager**: Chartres Avenue de Sully (SCCV) (until 25.08.2020)

**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)

## Olivier Estève

**Main function:**

**Deputy General Manager Officer 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 2020: 842**

**Offices held within the Covivio Group (continued):**

**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, Chartres Avenue de Sully (SCCV) (since 25/08/2020)

**Legal representative of Covivio, Chairman**: Technical (SAS), 6, rue Fructidor (SAS)

**Legal representative of Covivio, Co-Manager**: Fontenay-sous-Bois Rabelais (SCCV)

**Offices held outside the Group:**

**None**

## Najat Aasqui

**Main function:**

**Manager of listed shares investment portfolios**

Born on 30 January 1982 in Lille

French national

Business address: 16/18, boulevard de Vaugirard 75015 Paris

**Number of shares held as of 31 December 2020: six (including one lent)**

**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 group.

**Office held with Covivio Hotels:**

**Member of the Supervisory Board**

**Date of appointment: General Meeting of 7 May 2020**

**Date of expiry of office**: GM of 2023 approving the annual financial statements for the fiscal year ending 31 December 2020

**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 Board of Directors of SFL

**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**

## Covivio

18, avenue François Mitterrand
57000 Metz

RCS Metz 364 800 060

**Number of shares held at 31 December 2020: 57,601,139**

### 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:

**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, SCI N2 Batignolles, SCCV Bobigny Le 9e Art, Chartres Avenue de Sully (since 25/08/2020)

**Co-Manager**: 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)

**Co-Manager**: Charters Avenue de Sully (until 25/08/2020)

## 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 2020: 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 2020: 1**

### Office held with Covivio Hotels:

**Member of the Supervisory Board**

**Date of appointment:** Supervisory Board meeting of 18 November 2015

**Date of renewal**: GMs of 7 April 2017 and 7 May 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:

**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 2020: 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 renewal**: GM of 7 May 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:**

**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 2020: 1**

**Office held with Covivio Hotels:**

Member of the Supervisory Board

**Date of appointment:** Supervisory Board meeting of 13 July 2018

**Date of renewal:** GM of 7 May 2020

**Date of expiry of office**: GM of 2023 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

**General Manager**: SCI du 1, rue de Châteaudun, SCI du 2, rue de l'Ill, SCI du 3, place A. Chaussy, SCI du 10 bis and 11 to 13, allée des Tanneurs, SCI du 20, avenue Victor Hugo, SCI du 32, avenue P. Grenier, 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 8, rue M. Paul (until 30/06/2020), SCI du 35/37 Rue Louis Guérin (until 31/12/2020), SCI du 682, cours de la Liberation (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 (end in 2016)

## Marielle Seegmuller

**Main function:**

**Covivio Head of Operations France**

Born on 17 October 1972
in Saint-Brieuc

French national

Business address:
30, avenue Kléber
75116 Paris

**Number of shares held at 31 December 2020: 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 renewal**: GM of 7 May 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:**

**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**

**Chief Executive Officer**: Foncière Développement Logements - FDL SA

**General Manager**: Covivio Property SNC

**Legal representative of Foncière Développement Logements - FDL, Manager**: IMEFA Quatre Vingt Quinze SCI, *Société Civile Immobilière* du 26/28, rue Jacques Dulud in Neuilly-sur-Seine SCI, 25, rue Gutenberg SCI

**Offices held outside the Group:**

**None**

**Terms of office expired within the last five fiscal years:**

**Legal representative of Foncière Développement Logements - FDL, General Manager**: IMEFA Quarante Six SCI (ended in 2019), *Société Civile Immobilière* Suresnes 2 SCI (ended in 2019)

**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

16/18 boulevard de Vaugirard
75015 Paris

Paris Trade and Companies Register 334 028 123

**Number of shares held at 31 December 2020: 19,027,865**

**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, Française des Jeux

**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:**

**Crédit Agricole Assurances Head of Real Estate Investments**

Born on 8 December 1976 in Boulogne-Billancourt (92100)

French national

Business address:
16/18, boulevard de Vaugirard
75015 Paris

**Number of shares held at 31 December 2020: 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**

**Member of the Audit Committee**

**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 Audit Committee**: Covivio Hotels (SCA, public company)

**Member of the Supervisory Board**: Covivio Immobilien SE (European company incorporated under German law)

**Offices held outside the Group:**

**Permanent representative of Predica, Director**: OPCI CAA Commerces 2, OPCI Predica Bureaux, SCI Frey Retail Villebon

**Chairman of the Board of Directors**: Camp Invest OPPCI, Iris Invest 2010 OPPCI

**Permanent representative of Predica, member of the Supervisory Board**: SCPI Unipierre Assurance, PREIM Healthcare

**Permanent representative of Predica and Spirica**: SCI Académie Montrouge

**Representative of SCI Imefa 34, Director**: OPCI Predica Habitation

**Chairman of the Board of Directors**: 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 Oversight Committee**: Icade Santé SAS

**Representative of Predica, member**: Ardian Fund Advisory Committee

**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

**Terms of office expired within the last five fiscal years:**

**Permanent Representative of Cardif Assurance Vie, Director**: Foncière Développement Logements (SA) (ended in 2017), Météore Greece SA (ended in 2016), Siltel (ended in 2019)

**Member of the Strategic Committee**: FDM MANAGEMENT SAS (ended in 2018)

**Chairman**: SAS Francimmo Hôtel (ended in 2019)

**General Manager**: SCI Montparnasse Cotentin (ended in 2019)

## Emmanuel Chabas

**Main function:**

**Crédit Agricole Assurances Head of Real Estate Investments**

Born on 8 December 1976
in Boulogne-Billancourt (92100)

French national

Business address:
16/18, boulevard de Vaugirard
75015 Paris

**Number of shares held at 31 December 2020: 0**

**Offices held outside the Group (continued):**

**General Manager**: SCI Imefa 150, SCI Imefa 155, SCI Lyon Tony Garnier (formerly Imefa 156), SCI Villeurbanne-La Soie Îlot H (formerly 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 (formerly Imefa 166), SCI HDP Hôtel (formerly Imefa 167), SCI HDP la Halle (formerly 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 Pereire Victoire, SCI Federlog, SC I Feder London, SCI Fédérale Villiers, SCI Grenier Vellefaux, SCI Médibureaux, SCI Medic Habitation, SCI Vicq d'Azir-Vellefaux, SCI Vicq Neuilly, SCI Federpierre, 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

**General Manager of Vicq d'Azir Vellefaux, General Manager**: SCI Vicq Neuilly

**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

**Member of the Board of Directors and the Audit Committee**: AccorInvest Group SA (Luxembourg company)

**Non-voting member on the Supervisory Board**: Argan

**Member of the Audit Committee**: Patrimoine et Commerce

**Director and member of the Remuneration Committee**: SICAF (Italian company)

**Director**: OPCI Lapillus 1, SAS Cristal, Météore Italy Srl, Météore Alcala, Carmila SA, Alta Blue opci Icade Healthcare Europe

**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 2020: 10,265,804**

### 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), Serenis Vie SA, (merger 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 2020: 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 OPPC

Offices held outside the Group:

**None**

### Terms of office expired within the last five fiscal years:

**Director**: Eurosic SA, public company

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## Generali Vie

2, rue Pillet Will 75009 Paris

Paris Trade and Companies Register 602 062 481

**Number of shares held at 31 December 2020: 9,712,244**

### 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, a foreign company, GFA Caribbean, The Human Safety Net France Association (THSN France), Objective Selection (Lazard Frères Gestion), Fonds Nouvel Investissement 1, Fonds Nouvel Investissement 2, Risque et Sérénité, Recognition Europe, Covivio Immobilien SE (European company), Carte Blanche, Comgest Monde, The Human Safety Net France Endowment Fund, Mercialys

**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 Foncia Pierre Runeration (ended in 2018)

**Director**: Europ Assistance Holding SA (ended in 2017), Expert et Finance SA (ended in 2017), Foncière Développement Logements (SA), (ended in 2017) ASSOCIATION POUR LA LOCATION DU MONCEY - BEEOTOP (ended in 2019), VIGEO (ended in 2019), SICAV PALATINE MEDITERRANEA (ended in 2019)

## Sébastien Pezet

### Main function:

**Manager in France of Generali Real Estate SpA**

Born on 19 August 1975 in Rodez (12000)

French national

Business address:
2, rue Pillet Will
75009 Paris

**Number of shares held at 31 December 2020: 0**

### Biography

Sébastien Pezet holds a master's degree in economics applied to financial auditing and business strategy from the University of Dauphine, a post-graduate degree 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

### 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 IARD, member and Director of**: Association pour la location du Moncey - Beeotop (ended in 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

**Permanent representative of Generali Vie, General Manager**: SCI Generali Pierre, SCI Parcolog Orchies, 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 2020: 14,048,356**

### Office held with Covivio Hotels:

**Member of the Supervisory Board**

**Chairman 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:

**Member of the Supervisory Board**: Covivio Hotels (SCA), public company

**Member of the Audit Committee**: Covivio Hotels (SCA), public 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

**Member of the Supervisory Board**: BNP Paribas REIM France SA, Opéra Runeration SCPI, Primonial, Capimmo SCI, Dauchez SA, CFH SA, Placement Ciloger 3 SCPI, FLI SCI, Accès Valeur Pierre SCPI, Korian & Partenaires Immobilier 1 SCI, Korian & Partenaires Real Estate 1 2 SAS

**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 Steering Committee**: Forey (Frey public company)

**Member of the Oversight Committee**: Icade Santé SAS

**Member of the CSR Committee**: Carmila SA, public company

**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), SCI Paris Grande Armée

**Chairman**: SAS FDI Poncelet

### 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

**Member of the Remuneration Committee**: Foncière Développement Logement (SA), public company (ended in 2017)

**Member of the Investment 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)

**Non-voting member of the Board of Directors**: BNP Paribas REPM France SAS

**Member of the Supervisory Board**: France Investipierre SCPI

## 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 2020: 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 Nation Vie (BNP Group) from 1989 to 2001.

### Office held with Covivio Hotels:

**Permanent Representative of Cardif Assurance Vie, member of the Supervisory Board**

**Chairman 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

**Member of the Supervisory Board**: Covivio Immobilien SE (European company incorporated under German law)

**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 Runeration SCPI, Primonial Capimmo SCI, Dauchez SA, CFH SA, Placement Ciloger 3 SCPI, FLI SCI, Accès Valeur Pierre SCPI, Korian & Partenaires Immobilier 1 SCI, Korian & Partners Immobilier 1 2 SAS

**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 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, Hestia Holding SAS SPPICAV

**Member of the Board of Partners**: Société Civile pour l'Étude et l'Aménagement du Centre d'Affaires Régional de Rungis (SECAR)

**Permanent representative of Cardif Assurance Vie, Member of the Steering Committee**: Forey (Frey public company)

**Permanent representative of Cardif Assurance Vie**

**Member of the CSR Committee:** Carmila SA, public company

### 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)

**Permanent representative of Cardif Assurance Vie, Non-voting member of the Board of Directors**: BNP Paribas REPM France SAS

**Permanent representative of Cardif Assurance Vie, member of the Supervisory Board**: France Investipierre SCPI

## Adriana Saitta

**Main function:**

**Chief Executive Officer of Intesa Sanpaolo Paris**

Born 9 June 1970 in Rome

Italian nationality Business address: 18, rue du Quatre-Septembre 75002 Paris

**Number of shares held at 31 December 2020: 10**

**Biography**

Adrianna Saitta is a Business Administration graduate from Bocconi University and has an MBA from Insead Fontainebleau. She began her career at McKinsey & Company, where she worked for nine years in banking and financial services. During this period, she attended several leading Italian and European Financial Institutions and became a member of the European leadership Group for Banking and Securities Practice.

Adriana joined Banca Intesa in 2003, where she first served as Head of Consumers' Banking in the Italian Retail Banking Division and then as Head of Retail Banking in the Foreign Banking Division. She is the founder and Chairwoman of Intesa Sanpaolo Card d.o.o, and sits on several Boards of Directors of Intesa Sanpaolo Group in Eastern Europe.

Since 2015, she has been Chief Executive Officer of Intesa Sanpaolo in Paris and joined the Board of Directors of Beni Stabili, Covivio Group, in 2016. Since April 2019 she has also been a member of the Board of Directors and Executive Committee of Intesa Sanpaolo Luxembourg.

**Office held with Covivio Hotels:**

**Member of the Supervisory Board**

**Date of appointment:** Supervisory Board meeting of 15 July 2020

**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:**

**Chief Executive Officer**: Intesa Sanpaolo Paris

**Advisor**: Intesa Sanpaolo Luxembourg

**Terms of office expired within the last five fiscal years:**

**Chairman of the Board of Directors**: ISP Card, Zagreb

Independent advisor: Beni Stabili

## Sogecap

Tower 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 2020: 6,835,596**

**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, UIB Assurance

**Chairman**: SAS SGI Holding SIS

**General Manager SCI**: Sogevimmo, Pierre Patrimoine, Sogepierre, 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 Lebanon (Lebanese company), Château Mazeyres Pomerol

## 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 2020: 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

**Permanent representative of SOGECAP, director**: OTELI France

**Director**: KOMBON SAS

**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 directorship**: Sogecap Real Estate, SGA Resiparis

**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 2020: 7,144,642**

**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), Icade (public company), Veolia Environnement (public company)

**Terms of office expired within the last five fiscal years:**

**Director**: CNP Assurances (public company)

## 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 2020: 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

**Director**: OPCI OTELI France, KOMBON SAS

**Offices held outside the Group:**

**Permanent representative of the CDC, member of the Board of Directors**: OPCI AEW Immocommercial

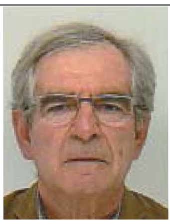
**Permanent Representative of SASU Logistis 2, member of the Supervisory Board**: OPCI Foncière Franklin

**Member of the Board of Directors**: AIH France SA, Compagnie des Alpes

**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:**

**Chairman of the Loi 1901 association**

Born on 12 June 1944 in Casteljaloux (47700)

French national

Address:
400, Venedey Hameau de Bayonne
26230 Grignan

**Number of shares held at 31 December 2020: 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**

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#### 4.2.2.1.4 Shareholdings of members of the Supervisory Board

The participation in the capital of the members of the Supervisory Board is presented in the management report in section 1.7.7.

### 4.2.2.2 Methods of organisation and operation of the Supervisory Board

#### 4.2.2.2.1 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 4.2.1.2, 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 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.

If a disposal 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.

It decides on the approval of related-party agreements submitted to it and implements a procedure to regularly assess whether the agreements relating to current transactions and concluded under normal conditions meet these conditions.

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 in terms of balanced representation of women and men on the governing bodies.

In this regard, at its meeting on 11 February 2020, the Supervisory Board examined, *via* the minutes of the Audit Committee meeting of 7 February 2020, 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 12 February 2021, 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.

#### 4.2.2.2.2 Agreements submitted to the Supervisory Board

##### 4.2.2.2.2.1 Agreements referred to in 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 2020 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.

##### 4.2.2.2.2.2 Procedure for the assessment of routine agreements concluded under normal conditions

In application of article L. 22-10-12 of the French Commercial Code, the Supervisory Board meeting on 15 November 2019 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 in the Groupe Covivio's Internal Charter of related-party agreement 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.

Thus:

- 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 published on the company's website, to include these provisions.

Applying the procedure, the Supervisory Board meeting on 12 February 2021 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.

## 4.2.2.2.3 Rules on the composition of the Supervisory Board

### 4.2.2.2.3.1 General rules on the composition of the Supervisory Board and the appointment of Board members

**Chairman**

The Supervisory Board appoints a Chairman from among its members, who must be a natural person.

The Board sets the term of office of the Chairman, which may not exceed that of his or her term as a member of the Supervisory Board. Meetings of the Supervisory Board are chaired by the Chairman. If the Chairman is absent, the Board shall appoint a Chairman for the meeting.

**Secretary of the Supervisory Board**

The Supervisory Board also chooses a secretary, who may be chosen either from among the members of the Board or from outside. The Secretary ensures compliance with the Board's rules of procedure and prepares the minutes of its meetings.

**Employee representatives**

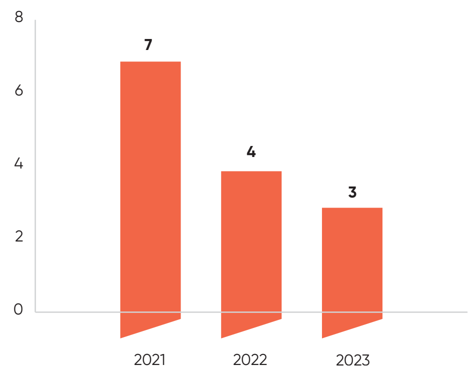
The Supervisory Board does not include any member representing employees: this lack of representation on the Board is due to the fact that Covivio Hotels does not fall within the scope of application in accordance with Article L. 226-5-1 of the French Commercial Code.

### 4.2.2.2.3.2 Term and staggering of terms of office

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 approve the simultaneous renewal of ten terms of office of members of the Supervisory Board, the shareholders approved the renewal of all members of the Supervisory Board, for terms of office ranging from one to three years to allow for a smooth staggering of terms of office.

**Staggering of terms of office coming to an end**



#### 4.2.2.2.3.3 Recruitment procedure

When new members of the Board are recruited, the General Manager draws up a map of existing skills and defines the additional skills sought in the future Supervisory Board member. In addition to the technical skills sought, candidates must have good experience of participating in Management Committees or Executive Committees, be available and have the ability to both bring a constructive point of view to the discussions and contribute to the summary and decision-making. The shortlisted candidates, if necessary with the help of a specialized firm, are met by the Chairman of the Board and the General Manager and then presented to the Supervisory Board, which chooses the candidate to be put to the vote of the General Meeting of shareholders.

**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 over the last five years
- 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.

### 4.2.2.2.5 Diversity policy of the Supervisory Board

#### 4.2.2.2.5.1 Principles

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.

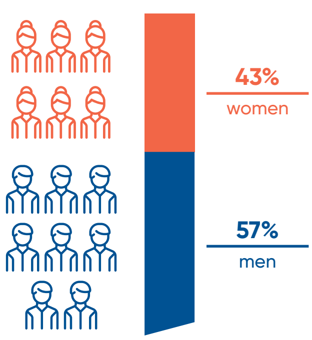
In its current configuration, the Board has a good balance of skills and expertise needed for the proper administration of the company.

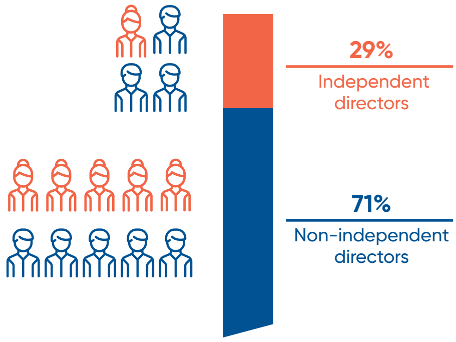
The Supervisory Board pays particular attention to its composition, to ensure that it promotes diversity. This diversity is essential for the Board because it is a source of dynamism and performance, thus ensuring the quality of the Board's debates and decisions.

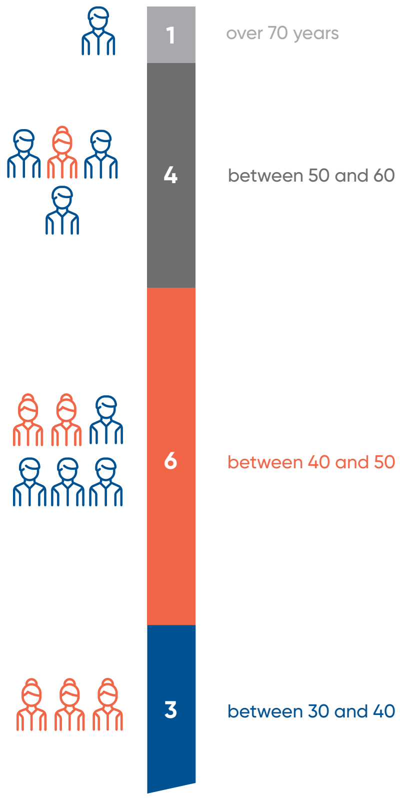
To achieve this, the Supervisory Board has put in place a policy for the composition of governance bodies:

| Criteria | Targeted objectives | Implementation and results achieved during the financial year 2020 |
|---|---|---|
| Representation of women and men | ❑ Seeking a balanced representation of men and women on the Board and the Audit Committee.<br>→ the proportion of women has changed significantly since 2015 to gradually reach 40% at the end of the Combined General Meeting of 7 April 2017. | ❑ The share of women on the Supervisory Board remains 43% above the legal minimum. |
| Duration and staggering of terms of office | ❑ Securing the continuity of the Board, through the regular staggering of terms of office of Board members limited to three years. | ❑ The terms of office of the members of the Board, set by the Articles of Association, allow shareholders to vote with sufficient frequency.<br>❑ The terms of office have been staggered since 2017, allowing shareholders to vote on several appointments or reappointments each year. |
| Skills and experience | ❑ Combine the skills required to implement the company's strategy and its development objectives.<br>❑ Promote a diversity of skills and experience. | ❑ The Supervisory Board ensures that the skills of its members are varied, complementary and balanced, thus enabling an in-depth understanding of the Company's development challenges and informed, independent and high-quality decision-making.<br>❑ The Board strengthened its international skills with the appointment of Adriana Saitta.<br>❑ These powers are detailed in section 4.2.2.1.3. and in the biographies of the members of the Board, which also describe their experience and expertise. |
| Age and seniority | ❑ Seeking a balance between ages.<br>❑ Seeking a balanced distribution of seniority on the Board. | ❑ The members of the Board are between 33 and 76 years old.<br>❑ The average age is 49.<br>❑ The Board believes that its composition is balanced between members who have already been in office for several years and have an in-depth knowledge of the Group and members who bring new experience that can serve the interests of the Group, particularly its development. |
| Nationality | ❑ Favour the recruitment of profiles from a diversity of geographical origins which enhance knowledge of the Company's main markets (Board members of foreign nationality or international culture and/or with international experience in the Company's strategic markets). | ❑ The Board benefited from the arrival in 2020 of a new member of Italian nationality.<br>❑ The majority of members have international experience. |

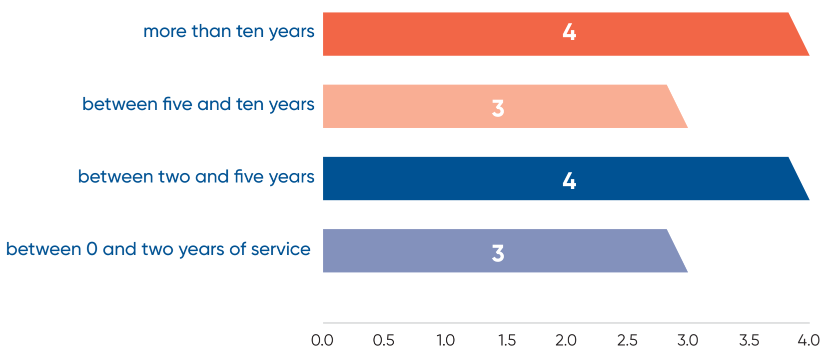
The Supervisory Board ensures that any change in its composition and, to the extent possible, in that of its Committee, complies with this policy.




## Seniority of members of the Supervisory Board




In view of the factors set out above and in view of the diversity policy implemented by the Company, the Supervisory Board considers that its composition in fiscal year 2020 is appropriate.

#### 4.2.2.2.5.2 Independence

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 five years**<br>He or she is not and has not been within the previous five years:<br>● an employee or executive corporate officer of the Company<br>● an employee, executive corporate officer or director of a company that the company consolidates<br>● employee, executive corporate officer or director of the parent company or of a company consolidated by that parent company. |
| **Criterion 2** | **Cross-holdings of office**<br>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**<br>He or she is not a significant customer, supplier, commercial banker, investment banker or advisor:<br>● of the company or its group<br>● or for whom the company or its group represents a significant part of activity.<br>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 on corporate governance. |
| **Criterion 4** | **Family ties**<br>He or she has no close family ties with a corporate officer. |
| **Criterion 5** | **Statutory Auditors**<br>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**<br>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**<br>A non-executive corporate officer may not be considered independent if he or she receives variable remuneration in cash or shares or any other remuneration related to the performance of the company or the group. |
| **Criterion 8** | **Status of significant shareholder**<br>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.<br>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 12 February 2021, 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.).<br>• 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 remuneration paid to the Board member, etc.).<br>• 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 review, the Supervisory Board decided to maintain in 2020 the independence classification of Jean Luchet, Sogecap represented by Yann Briand and Caisse des Dépôts et Consignations, represented by Arnaud Taverne, and to consider Adriana Saitta as an independent member. independent member in view of the following findings:

- Adriana Saitta, has been a member of the Supervisory Board since 15 July 2020. She has never had a business relationship with the company and does not represent any shareholder. She was a director at Beni Stabili, a company consolidated by Covivio and eventually absorbed on 31 December 2018, but has never held any executive position with Covivio Hotels or any of its Group companies or its management. This non-executive role gave her a good knowledge of the Group. 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 2020, 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 et Consignations is not considered material for either party in accordance with the qualitative and quantitative criteria defined above. It was noted that in 2020, 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.

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 five 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 |
| Adriana Saitta | X | √ | √ | √ | √ | √ | 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 Laurie Goudallier | 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 |
| Najat Aasqui | √ | √ | 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 does not comply with the recommendations of the Afep-Medef Code, the explanations of which are given in section 1.

#### 4.2.2.2.5.3 Representation of women

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 in 2020, the appointment of Najat Aasqui as a new member of the Supervisory Board at the Combined General Meeting of 7 May 2020 and the replacement of Patricia Damerval by Adriana Saitta has made it possible to supplement the Board's expertise in real estate investment, finance and international expertise while maintaining the representation of women within it.

Following the expiry of the term of office of Mr Jean Luchet at the end of the Combined General Meeting of 8 April 2021, the percentage of women will be increased to 46%.

#### 4.2.2.2.5.4 Nationalities

Since 15 July 2020, the Board has included a member of the Supervisory Board who is an Italian national, thus extending the diversity within the Board and broadening its perspective on issues examined during the meeting.

#### 4.2.2.2.5.5 Training

During the year, the Company continued the integration process for new members in order to give them a better understanding of the company and its sector. Thus, members who were not familiar with the sector of activity or the company have had the opportunity to meet several times with the General Manager and can also, if they deem necessary, take additional training on the specificities of the company, its business lines and its sector of activity.

### 4.2.2.2.6 Rules of operation and organisation of the Supervisory Board

#### 4.2.2.2.6.1 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 (COO) 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 (COO), 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 (COO) 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 files submitted to the Board, the company decided in 2020 that a potential conflict of interest was likely to arise with Pierre et Vacances leading to the resignation of Patricia Damerval, by virtue of her executive duties at Pierre et Vacances. She therefore resigned from her position as a member of the Supervisory Board.

#### 4.2.2.2.6.2 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/).

| | |
|---|---|
| **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, disposal, 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.<br>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.<br>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.<br>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.<br>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. |
| **Duty to abstain from trading in securities** | Each member of the Board must refrain from trading in the company's shares in accordance with the rules on insider trading and from trading in the shares of companies over which he or she has, by virtue of his or her duties, inside information in accordance with the principles set out in the insider trading guide appended to the Internal Regulations. |

#### 4.2.2.2.6.3 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.

**Conclusions of the internal review carried out in 2019 and actions taken to follow up its recommendations**

| Strengths highlighted | |
|---|---|
| | ❑ Overall, a very positive assessment of the functioning of the Board and the Committee<br>❑ Well-structured Supervisory Board<br>❑ A good understanding of the strategy<br>❑ High-quality meetings, fostered by good relationships between Board members, their engagement in discussions and freedom of expression<br>❑ Effectiveness of the Audit Committee: composition, organisation and quality of work |

| Areas for improvement proposed by Supervisory Board members | The year 2020 was used to continue the current good momentum, including: |
|---|---|
| ❑ Structure and composition of the Board: improve the skills of the Board as regards international experience in line with the composition of our portfolio | ❑ Strengthening the international skills of the Board with the appointment of Adriana Saitta |
| ❑ Inform the Board of the company's policy in matters of gender equality at work and diversity of the managerial bodies | ❑ Availability and engagement of Board members in managing the Covid-19 crisis with an exceptional Supervisory Board meeting on 26 March 2020 |
| ❑ Devote more time to CSR topics | ❑ Special vigilance with regard to conflicts of interest:<br>❑ Resignation of Patricia Damerval due to discussions with the Pierre et Vacances group in the context of the health crisis |

The year 2021 and the following years will be used to continue the current good momentum and implement the suggested areas for improvement.

#### 4.2.2.2.6.4 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 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.

- 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, Chief Operating Officer (COO), Deputy General Manager Hotels and Deputy Chief Financial Officer attend Board meetings as guests.

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 members of the Supervisory 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.

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.

- Deliberations of the Supervisory Board

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.

### 4.2.2.3 Activity of the Supervisory Board in 2020

#### 4.2.2.3.1 Attendance by members of the Supervisory Board

During the 2020 fiscal year, the Supervisory Board met five times, convened by its Chairman. The average attendance rate of the members was 97%. The rate of attendance of each member was:

| Number of meetings | Individual attendance rate |
|---|---|
| **Member of the Supervisory Board** | |
| Christophe Kullmann | 100% |
| Olivier Estève | 100% |
| Najat Aasqui | 100% |
| Joséphine Lelong-Chaussier, permanent representative of Covivio Participations | 100% |
| Laurie Goudallier, permanent representative of Covivio | 100% |
| Marielle Seegmuller, permanent representative of Fonciere Margaux | 100% |
| Emmanuel Chabas, permanent representative of Predica | 100% |
| François Morrisson, permanent représentative of ACM Vie | 100% |
| Sébastien Pezet, permanent representative of Generali Vie | 100% |
| Nathalie Robin, permanent representative of Cardif Assurance Vie | 100% |
| Adriana Saitta | 50% |
| Yann Briand, permanent representative of Sogecap | 100% |
| Arnaud Taverne, permanent representative of Caisse des Dépôts et Consignations | 100% |
| Jean Luchet | 100% |
| **Average attendance rate** | **96%** |

Total number of sessions
Attendance at meetings

#### 4.2.2.3.2 Main work of the Supervisory 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 addition, an exceptional Supervisory Board was held on 26 March 2020 as part of the management of the Covid-19 crisis.

In particular, the Board's work involved a review of the following points.

| | |
|---|---|
| **Monitoring of the Group's strategic orientations and its activities** | • continued implementation of the strategy and regular review of the Group's strategic orientations with regard to the health situation<br>• authorisation of the main decisions affecting its business, particularly with regard to investment transactions and asset disposals<br>• regular progress report on previously authorised projects<br>• regular reporting on the Group's business activity, its portfolio, financial position, financial indicators, stock market performance, cash flow and the impact of the health crisis on the overall performance of the company<br>• regular progress report on agreements and negotiations with tenants and their impact on the company's revenues<br>• information on the Coporate Purpose adopted by the Covivio group, its manifesto and its deployment plan. |
| **Governance** | • review of the independence of the members of the Supervisory Board with regard to the criteria defined by the Afep-Medef Code<br>• debate on the functioning of the Supervisory Board in light of the recommendations made following the internal review of the Supervisory Board in 2019<br>• debate on the changes in the composition of the Supervisory Board and its Audit Committee in view of the terms of office expiring in May 2020<br>• presentation for the approval of the General Meeting of the renewal of the terms of office of the members of the Board which expired in May 2020 and appointment of Ms Najat Aasqui as a member of the Supervisory Board, following the expiry of the term of office of Françoise Debrus<br>• following the resignation of Patricia Damerval, co-option of Adriana Saitta as a member of the Supervisory Board, for the remainder of Patricia Damerval's term of office, *i.e.* until the General Meeting in 2021 called to approve the financial statements for the year ended 31 December 2020 and ratification of her co-option at the next General Meeting<br>• review and approval of the composition of the Audit Committee set up within the Supervisory Board<br>• regular updating of the Internal Regulations of the Board and its appendix on the prevention of insider trading<br>• approval of the diversity policy applied to the members of the Board and the Committee<br>• review of the composition of the Supervisory Board with regard to the terms of office expiring in April 2021. |
| **General Meeting** | • preparation and decision, upon proposal of the General Manager, to postpone the Combined General Meeting initially scheduled for 3 April 2020<br>• convening, in accordance with Article 19 of the Articles of Association, of the shareholders of a Combined General Meeting on 7 May 2020, in order to propose an option for the payment of the dividend in shares<br>• approval of the agenda, the draft resolutions, and the terms of the various reports made available to shareholders. |
| **Remuneration** | • favourable opinion on the remuneration policy of the General Manager, prepared by the General Partner, and submitted for approval by the General Meeting of 7 May 2020<br>• consideration and approval of the remuneration policy for the members of the Supervisory Board, which was submitted for approval to the General Meeting of 7 May 2020. |
| **Financial management** | • review of the consolidated accounts of the Covivio Hotels group as well as the parent company financial statements for the fiscal year ended 31 December 2020<br>• approval of the allocation of the 2019 income proposed to the Combined General Meeting of 7 May 2020 and distribution of the dividend<br>• approval of the option of payment of the dividend in shares, the issue price of the shares to be issued and information on the results thereof<br>• review of the consolidated accounts for the first half of 2020<br>• monitoring of the implementation of the 2020 budget and adoption of the budget for the year 2021<br>• approval of financial press releases<br>• authorisation of the guarantees granted during the fiscal year on behalf of the company and renewal of the annual authorisation granted to the General Manager, to issue sureties, endorsements and guarantees<br>• review and approval of the various (re)financing transactions. |
| **Risk management** | • validation of the mapping of the financial, legal, operational, social and environmental risks associated with the Company's activity, which was presented to the Audit Committee<br>• examination of the results of the internal assessment of the review of agreements relating to routine agreements concluded under normal conditions<br>• update of the charter on related-party agreements extended to the procedure for the assessment of routine agreements concluded under normal conditions<br>• a reminder to the members of the obligations incumbent upon persons exercising managerial responsibilities (and their close relations) under the regulations on market abuse, including in particular the rules of abstention from (i) disclosure of inside information and (ii) the prohibition on trading in securities when in possession of inside information. |
| **Corporate social and environmental responsibility** | • approval of the non-discrimination and diversity policy, particularly with regard to the balanced representation of women and men on the governing bodies presented in the Supervisory Board's report on corporate governance<br>• review of the sustainable development policy and the objectives of greening the Company's portfolio. |
| **Regulated agreements** | • authorisation for the continuation of related-party agreements entered into and authorised in previous fiscal years which continued in 2020. |

## 4.2.3 The Supervisory Board's specialised committee

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**

**4**
members

**25%**
independent members

**75%**
attendance rate

Nathalie Robin, Chairwoman
Olivier Esteve
Arnaud Taverne*
Emmanuel Chabas

* Independent members

The members of the Audit Committee have accounting or financial expertise, assessed in the light of their training and professional experience.

No member of the Audit Committee is also an executive corporate officer.

#### 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.

### 4.2.3.1 The Audit Committee

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.

#### 4.2.3.1.1 Composition

The Supervisory Board meeting of 7 May 2020 decided to change the composition of the Audit Committee and to appoint for the duration of their term of office as members of the Supervisory Board:

- Nathalie Robin, permanent representative of Cardif Assurance Vie as Chairwoman, replacing Françoise Debrus whose term of office as a member of the Supervisory Board expired at the end of the General Meeting of 7 May 2020
- Arnaud Taverne, permanent representative of Caisse des Dépôts et Consignations, and Emmanuel Chabas, permanent representative of Predica as new members.

Thus increasing its composition from three to four members, including an independent member (25%): Arnaud Taverne.

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.

#### 4.2.3.1.2 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
- examining the service agreements entered into between the company and persons holding a direct or indirect stake in the company
- to examine the proposals for the appointment of the Company's Statutory Auditors and issue a recommendation on these Statutory Auditors whose appointment is proposed to 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 2020.

### 4.2.3.1.3 Work of the Audit Committee in 2020

The Audit Committee met twice, with an 75% attendance rate by its members.

| Members of the Audit committee | Attendance rate at Audit Committee meetings |
|---|---|
| Nathalie Robin | 100% |
| Olivier Estève | 100% |
| Arnaud Taverne | 100% |
| Emmanuel Chabas | 0 |
| **Average rate** | **75%** |

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 (COO) 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 7 February 2020**

Presentation of 2019 highlights – Update on property appraisals – Examination of the parent company and consolidated financial statements for the year ended 31 December 2019 – Presentation of the work performed by the Internal Audit and Internal Control department.

**Meeting of 10 July 2020**

Presentation of the highlights of the first-half 2020 - Update on the half-yearly property appraisals - Special focus on the balance sheet and customer relationships - Review of the consolidated accounts at 30 June 2020 - Update on the work of audit and internal control over the period.

## 4.2.4 Remuneration 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. 22-10-76 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 8 April 2021 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 General Manager's remuneration

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.

In addition, pursuant to Article R. 22-10-40 of the French Commercial Code, the General Manager does not benefit:

- from any share-based remuneration
- from any elements of remuneration, remuneration 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 remuneration.

The General Manager is appointed for a period of six 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 Decision-making process for the determination, revision and implementation of 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.

Pursuant to Article L. 22-10-76 of the French Commercial Code, the elements of this remuneration policy applicable to the General Manager have been approved by the General Partner, following an advisory opinion issued by the Supervisory Board at its meeting of 12 February 2021. This remuneration policy is unchanged from that previously approved by the Supervisory Board on 11 February 2020.

In addition, pursuant to Article R. 22-10-40 of the French Commercial Code, it is noted 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 Breakdown of remuneration of the 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 56% 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.

In addition, pursuant to Article R. 22-10-40 of the French Commercial Code, members of the Supervisory Board do not benefit:

- from any share-based remuneration
- from any elements of remuneration, remuneration 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 remuneration.

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 Decision-making process for the determination, revision and implementation of the remuneration of the members 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.

Pursuant to Article L. 22-10-76 of the French Commercial Code, the elements of this remuneration policy applicable to members of the Supervisory Board were approved by the Supervisory Board at its meeting on 12 February 2021.This remuneration policy is unchanged from that previously approved by the Supervisory Board on 11 February 2020.

In addition, pursuant to Article R. 22-10-40 of the French Commercial Code, it is noted 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 2020 ("overall ex-post vote")

In the context of the "overall" ex-post vote specified by article L. 22-10-77 I. of the French Commercial Code, the information mentioned in item I of article L. 22-10-9 of the French Commercial Code is the subject of a draft resolution (Resolution 7) subject to the approval of the Combined General Meeting of 8 April 2021 and the unanimous consent of the partners.

### 4.2.4.2.1 Remuneration paid and/or awarded to the General Manager on a consolidated basis for the fiscal year ended 31 December 2020

#### 4.2.4.2.1.1 Information mentioned in section I of Article L. 22-10-9 of the French Commercial Code (except 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 2020 to Covivio Hotels Gestion for its term of office as General Manager exercised within the company, consisting of total fixed remuneration of €1,206,411.95. 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 2020:

- any variable or exceptional element or other benefit of any kind whatsoever
- any element of remuneration, remuneration 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 100% of the 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. 22-10-9 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 scope of consolidation within the meaning of Article L. 233-16 of the French Commercial Code (Article L. 22-10-9 I. 5 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**

| | 2019 | | 2020 | |
|---|---|---|---|---|
| Dominique Ozanne: Deputy General Manager of Covivio, Chairman of Covivio Hotels Gestion, General Manager of Covivio Hotels | Amounts assigned for 2019 | Amount paid in 2019 | Amounts assigned for 2020 | Amount paid in 2020 |
| Remuneration (detailed in Table 2) | 814,220 | 811,220 | 643,326 | 875,326 |
| Valuation of multi-annual remuneration plans | 0 | 0 | 0 | 0 |
| Valuation of options | 0 | 0 | 0 | 0 |
| Valuation of performance shares (detailed in Table 6) ** | 360,000 | 360,675 | 400,000 | 360,000 |
| Valuation of other long-term remuneration plans | 0 | 0 | 0 | 0 |
| **TOTAL** | **1,174,220** | **1,171,895** | **1,043,326** | **1,235,326** |

* 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**

| | 2019 | | 2020 | |
|---|---|---|---|---|
| Dominique Ozanne: Deputy General Manager of Covivio, Chairman of Covivio Hotels Gestion, General Manager of Covivio Hotels | Amounts assigned for 2019 | Amount paid in 2019 | Amounts assigned for 2020 | Amount paid in 2020 |
| Fixed remuneration | 360,000 | 360,000 | 393,000 | 393,000 |
| Annual variable remuneration (1) | 438,000 | 435,000 | 206,000 | 438,000 |
| 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, GSC insurance) | 16,220 | 16,220 | 44,326 | 44,326 |
| **TOTAL** | **814,220** | **811,220** | **643,326** | **875,326** |

(1) 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.

The variable due in respect of 2020, of €206 thousand, will be paid in cash over 2021, subject to the approval of the General Meeting of 20 April 2021.

#### 4.2.4.2.1.3 Summary tables on the remuneration of the executive corporate officer prepared 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 2020 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" and 2021-02 on guidance for the preparation of universal registration documents ("AMF recommendation").

**Table 1 ***

**Summary table of remuneration and options and shares assigned to the General Manager (sole executive officer)**

| Covivio Hotels Gestion: General Manager | 2019 | 2020 |
|---|---|---|
| Remuneration awarded for the fiscal year (detailed in Table 2) | €1,188,405.80 | €1,206,411.95 |
| 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** | **€1,188,405.80** | **€1,206,411.95** |

**Table 2**

**Summary table of remuneration of the General Manager (sole executive corporate officer)**

| | 2019 | | 2020 | |
|---|---|---|---|---|
| Name and function of the executive corporate officer Covivio Hotels Gestion: General Manager | Amounts assigned | Amounts paid | Amounts assigned | Amounts paid |
| Fixed remuneration | €1,188,405.80 | €1,188,405.80 | €1,206,411.95 | €1,206,411.95 |
| 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** | **€1,188,405.80** | **€1,188,405.80** | **€1,206,411.95** | **€1,206,411.95** |

**Table 4**

**Share subscription or purchase options allocated during the fiscal year to the General Manager (sole executive corporate officer) by the issuer and by all companies 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 |
|---|---|---|---|---|---|---|
| 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 (sole executive corporate officer)**

| (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**

| (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 became available during the fiscal year to the General Manager (sole executive officer)**

| (list by name) | No. and date of plan | Number of shares that became available during the fiscal year |
|---|---|---|
| Covivio Hotels Gestion | None | None |

### 4.2.4.2.2 Remuneration paid and/or awarded to members of the Supervisory Board on a consolidated basis for the fiscal year ended 31 December 2020

#### 4.2.4.2.2.1 Information mentioned in section I of Article L. 22-10-9 of the French Commercial Code (except 5)

In accordance with the remuneration policy applicable to members of the Supervisory Board presented above, during the fiscal year ending 31 December 2020, the company paid, to members of the Supervisory Board and Audit Committee set up within it, total gross remuneration of €32,142 whose breakdown is specified in paragraph 4.2.4.2.2.3. below. The average gross remuneration per member of the Supervisory Board was €3,571.

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 €1,823. 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, Najat Aasqui 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 2020:

- any exceptional element or other benefit of any kind whatsoever
- any element of remuneration, remuneration 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 44% 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. 22-10-3 of the French Commercial Code.

#### 4.2.4.2.2.2 Remuneration paid or allocated to the members of the Supervisory Board by a company included in the scope of consolidation within the meaning of Article L. 233-16 of the French Commercial Code (Article L. 22. 10-9 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 *

| Christophe Kullmann: Chief Executive Officer, Chairman of the Supervisory Board of Covivio Hotels | 2019 Amounts assigned for 2019 | 2019 Amount paid in 2019 | 2020 Amounts assigned for 2020 | 2020 Amount paid in 2020 |
|---|---|---|---|---|
| Remuneration (detailed in Table 2) | 1,606,969 | 1,556,969 | 1,238,376 | 1,610,376 |
| Valuation of multi-annual remuneration plans | 0 | 0 | 0 | 0 |
| Valuation of options granted | 0 | 0 | 0 | 0 |
| Valuation of allocated shares (detailed in Table 6) ** | 930,000 | 601,125 | 930,000 | 930,000 |
| Valuation of other long-term remuneration plans | 0 | 0 | 0 | 0 |
| **TOTAL** | **2,536,969** | **2,158,094** | **2,168,376** | **2,540,376** |

* 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

| Christophe Kullmann: Chief Executive Officer, Chairman of the Supervisory Board of Covivio Hotels | 2019 Amounts assigned for 2019 | 2019 Amount paid in 2019 | 2020 Amounts assigned for 2020 | 2020 Amount paid in 2020 |
|---|---|---|---|---|
| Fixed remuneration | 700,000 | 700,000 | 700,000 | 700,000 |
| Annual variable remuneration (1) | 870,000 | 820,000 | 498,000 | 870,000 |
| 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, GSC insurance, check-up) | 36,969 | 36,969 | 40,376 | 40,376 |
| **TOTAL** | **1,606,969** | **1,556,969** | **1,238,376** | **1,610,376** |

(1) 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.

The variable due in respect of 2020, of €498 thousand, will be paid in cash over 2021, subject to the approval of the General Meeting of 20 April 2021.

## Table 1 *

| Olivier Estève: Deputy General Manager of Covivio, Member of the Supervisory Board of Covivio Hotels | 2019 Amounts assigned for 2019 | 2019 Amount paid in 2019 | 2020 Amounts assigned for 2020 | 2020 Amount paid in 2020 |
|---|---|---|---|---|
| Remuneration (detailed in Table 2) | 936,552 | 816,552 | 683,926 | 939,926 |
| Valuation of multi-annual remuneration plans | 0 | 0 | 0 | 0 |
| Valuation of options | 0 | 0 | 0 | 0 |
| Valuation of performance shares (detailed in Table 6) ** | 400,000 | 360,675 | 400,000 | 400,000 |
| Valuation of other long-term remuneration plans | 0 | 0 | 0 | 0 |
| **TOTAL** | **1,336,552** | **1,177,227** | **1,083,926** | **1,339,926** |

* 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

| Olivier Estève: Deputy General Manager of Covivio, Member of the Supervisory Board of Covivio Hotels | 2019 Amounts assigned for 2019 | 2019 Amount paid in 2019 | 2020 Amounts assigned for 2020 | 2020 Amount paid in 2020 |
|---|---|---|---|---|
| Fixed remuneration | 400,000 | 400,000 | 400,000 | 400,000 |
| Annual variable remuneration [1] | 498,000 | 378,000 | 242,000 | 498,000 |
| 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 & GSC insurance, check up) | 38,552 | 38,552 | 41,926 | 41,926 |
| **TOTAL** | **936,552** | **816,552** | **683,926** | **939,926** |

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.
The variable due in respect of 2020, of €242 thousand, will be paid in cash over 2021, subject to the approval of the General Meeting of 20 April 2021.

### Table 4

**Share subscription or purchase options allocated during the fiscal year to each executive corporate officer by the issuer and by any Group company**

| Name of the executive corporate officer | 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 | | |
| Dominique Ozanne | None | None | None | None | | |

### Table 5

**Share subscription or purchase options exercised during the fiscal year by each executive corporate officer**

| Name of the executive corporate officer | 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 |
| Dominique Ozanne | None | None | None |

### Table 6

**Performance shares allocated to each executive corporate officer* by the issuer and by any Group company**

| Name of the executive corporate officer | 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 of availability |
|---|---|---|---|---|---|
| Christophe Kullmann | 13/02/2020 | 16,370 | €56.81 | 13/02/2023 | 13/02/2023 |
| Christophe Kullmann | 13/02/2020 | 2,340 ** | €72.63 | 13/02/2023 | 13/02/2023 |
| Olivier Estève | 13/02/2020 | 7,041 | €56.81 | 13/02/2023 | 13/02/2023 |
| Olivier Estève | 13/02/2020 | 1,349 ** | €72.63 | 13/02/2023 | 13/02/2023 |
| Dominique Ozanne | 13/02/2020 | 6,337 | €56.81 | 13/02/2023 | 13/02/2023 |
| Dominique Ozanne | 13/02/2020 | 1,074 ** | €72.63 | 13/02/2023 | 13/02/2023 |

* for 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**

| Name of the executive corporate officer | Plan date | Number of shares that became available during the fiscal year | Vesting conditions | Vesting date |
|---|---|---|---|---|
| Christophe Kullmann | 15/02/2017 | 18,859 | Attendance conditions + relative stock market performance (1/2) and achievement of objectives (1/2) | 15/02/2020 |
| Olivier Estève | 15/02/2017 | 10,814 | | 15/02/2020 |
| Dominique Ozanne | 22/11/2017 | 40 | Attendance conditions | 22/11/2020 |

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 tables on the remuneration of the executive corporate officers prepared 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 2020 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**

| | Fiscal year ended on 31/12/2020 | | Fiscal year ended on 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 | €2,168,376 | €2,540,376 | €2,536,969 | €2,158,094 |
| Other remuneration for the office of Director of Covivio | 0 | 0 | 0 | 0 |
| **Total** | **€2,168,376** | **€2,540,376** | **€2,536,969** | **€2,158,094** |
| **Olivier Estève** | | | | |
| Remuneration (fixed, variable) for the office of member of the Supervisory Board of Covivio Hotels | 0 | 0 | 0 | 0 |
| Other remuneration for the office of Deputy General Manager of Covivio | €1,083,926 | €1,339,926 | €1,336,552 | €1,177,216 |
| **Total** | **€1,083,926** | **€1,339,926** | **€1,336,552** | **€1,177,216** |
| **Covivio represented by Laurie Goudallier** (1) | | | | |
| Remuneration (fixed, variable) for the office of member 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 the office of member of the Supervisory Board of Covivio Hotels | €3,500 | €3,500 | €3,100 | €3,100 |
| Other remuneration | 0 | 0 | 0 | 0 |
| **Total** | **€3,500** | **€3,500** | **€3,100** | **€3,100** |
| **Covivio Participations represented by Joséphine Lelong-Chaussier** (1) | | | | |
| Remuneration (fixed, variable) for the office of member of the Supervisory Board of Covivio Hotels | €3,500 | €3,500 | €3,100 | €3,100 |
| Other remuneration | 0 | 0 | 0 | 0 |
| **Total** | **€3,500** | **€3,500** | **€3,100** | **€3,100** |
| **Predica, represented by Emmanuel Chabas** | | | | |
| Remuneration (fixed, variable) for the office of member of the Supervisory Board of Covivio Hotels | 0 | 0 | 0 | 0 |

| Non-executive corporate officers | Fiscal year ended on 31/12/2020 Amounts assigned | Fiscal year ended on 31/12/2020 Amounts paid | Fiscal year ended on 31/12/2019 Amounts assigned | Fiscal year ended on 31/12/2019 Amounts paid |
|---|---|---|---|---|
| Other remuneration | 0 | 0 | 0 | 0 |
| **Total** | **0** | **0** | **0** | **0** |
| **Najat Aasqui** | | | | |
| Remuneration (fixed, variable) for the office of member of the Supervisory Board of Covivio Hotels | 0 | 0 | 0 | 0 |
| Other remuneration | 0 | 0 | 0 | 0 |
| **Total** | **0** | **0** | **0** | **0** |
| **Acm Vie represented by François Morrisson** (1) | | | | |
| Remuneration (fixed, variable) for the office of member of the Supervisory Board of Covivio Hotels | €3,500 | €3,500 | €3,100 | €3,100 |
| Other remuneration for the office of Director of Covivio | €43,000 | €43,000 | €37,000 | €37,000 |
| **Total** | **€46,500** | **€46,500** | **€40,100** | **€40,100** |
| **Generali Vie, represented by Sébastien Pezet** | | | | |
| Remuneration (fixed, variable) for the office of member of the Supervisory Board of Covivio Hotels | 0 | 0 | 0 | 0 |
| Other remuneration | 0 | 0 | 0 | 0 |
| **Total** | **0** | **0** | **0** | **0** |
| **Cardif Assurance Vie represented by Nathalie Robin** (1) | | | | |
| Remuneration (fixed, variable) for the office of member of the Supervisory Board of Covivio Hotels | €4,767 | €4,767 | €3,700 | €3,700 |
| Other remuneration | 0 | 0 | 0 | 0 |
| **Total** | **€4,767** | **€4,767** | **€3,700** | **€3,700** |
| **Sogecap represented by Yann Briand** (1) | | | | |
| Remuneration (fixed, variable) for the office of member of the Supervisory Board of Covivio Hotels | €3,500 | €3,500 | €3,100 | €3,100 |
| Other remuneration | 0 | 0 | 0 | 0 |
| **Total** | **€3,500** | **€3,500** | **€3,100** | **€3,100** |
| **Caisse des Dépôts et Consignations, represented by Arnaud Taverne** (1) | | | | |
| Remuneration (fixed, variable) for the office of member of the Supervisory Board of Covivio Hotels | €3,800 | €3,800 | €3,100 | €3,100 |
| Other remuneration | 0 | 0 | 0 | 0 |
| **Total** | **€3,800** | **€3,800** | **€3,100** | **€3,100** |
| **Adriana Saitta (from 15 July 2020)** | | | | |
| Remuneration (fixed, variable) for the office of member of the Supervisory Board of Covivio Hotels | €1,150 (2) | €1,150 (2) | / | / |
| Other remuneration | 0 | 0 | | |
| **Total** | **€1,150** | **€1,150** | / | / |
| **Patricia Damerval (until 4 June 2020)** | | | | |
| Remuneration (fixed, variable) for the office of member of the Supervisory Board of Covivio Hotels | €1,425 (2) | €1,425 (2) | €3,100 (2) | €3,100 (2) |
| Other remuneration | 0 | 0 | 0 | 0 |
| **Total** | **€1,425** | **€1,425** | **€3,100** | **€3,100** |
| **Jean Luchet** | | | | |
| Remuneration (fixed, variable) for the office of member of the Supervisory Board of Covivio Hotels | €3,500 (2) | €3,500 (2) | €2,300 (2) | €2,300 (2) |
| Other remuneration | 0 | 0 | 0 | 0 |
| **Total** | **€3,500** | **€3,500** | **€2,300** | **€2,300** |
| **TOTAL** | **€3,327,444** | **€3,955,444** | **€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 awarded by the Company to the Chairman of the Supervisory Board and the General Manager by the Company ("ex-post individual vote")

In the context of the "individual" *ex-post* vote specified in article L. 22-10-77 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 2020 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 8 April 2021 and the unanimous consent of the partners.

#### 4.2.4.3.1 Remuneration paid and/or awarded by the Company to the Chairman of the Supervisory Board for the fiscal year ended 31 December 2020

Pursuant to the year ending 31 December 2020, 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 8 April 2021 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 for the financial year ended 31 December 2020

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 2020 to Covivio Hotels Gestion for its term of office as General Manager exercised within the company, consisting of total fixed remuneration of €1,206,411.95. 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 2020:

- any variable or exceptional element or other benefit of any kind whatsoever
- any element of remuneration, remuneration 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 Special procedures for shareholder participation in General Meetings and summary of current financial delegations in the area of capital increases

### 4.2.5.1 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.

**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. 22-10-28 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 authorised 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.

**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. 22-10-46 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.

### 4.2.5.2 Summary of current financial delegations in the area of capital increases

In accordance with Article L. 225-37-4 3 of the French Commercial Code, the following is a summary of current delegations granted by the Combined General Meeting of Shareholders of 7 May 2020 concerning increases in the share capital:

| Delegation granted by the Combined General Meeting of 7 May 2020 | 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 €48,400,000. (Resolution 17) | 26 months, until 6 July 2022 | 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 €242,000,000. 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 20 to 23). (Resolution 19) | 26 months until 6 July 2022 | 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 and, for issues of shares, a mandatory priority period, for a maximum nominal amount of €48,400,000. 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 19). (Resolution 20) | 26 months, until 6 July 2022 | 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 19). (Resolution 22) | 26 months, until 6 July 2022 | 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 €48,400,000. 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 19). (Resolution 23) | 26 months, until 6 July 2022 | 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 24) | 26 months, until 6 July 2022 | None |

## 4.2.6 Elements likely to have an impact in the event of a public offer

In accordance with the provisions of Article L. 22-10-11 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 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 investment 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.

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 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:

The summary of the delegations in progress granted by the General Meeting of Shareholders of 7 May 2020 relating to capital increases is presented in section 4.2.5.2

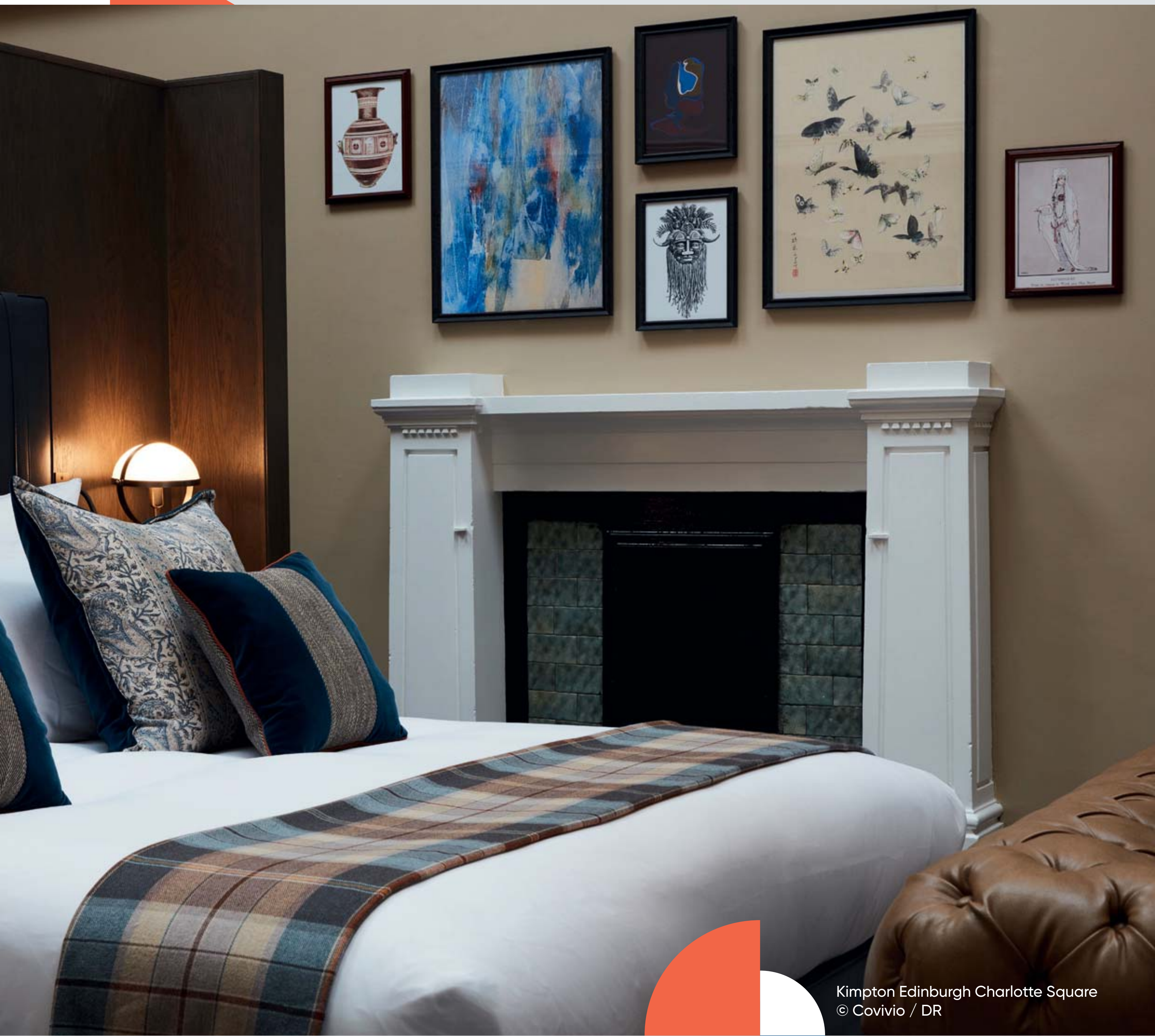
The Combined General Meeting of 7 May 2020 authorised the General Manager (Resolution 14) to purchase the company's own shares. The Combined General Meeting of 8 April 2021 is asked to replace that authorisation with a new authorisation of the same purpose.

- 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 remuneration 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



Kimpton Edinburgh Charlotte Square
© Covivio / DR

Hotel lease terms of **14.2** years.

5

# Information and management

# 5.1 General information concerning the issuer and its share capital

## 5.1.1 General information concerning the issuer

### 5.1.1.1 Company 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 listing market

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 Corporate 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 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.

### 5.1.1.12 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 Meetings

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 bis 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. Double voting rights are not granted pursuant to Article L. 22-10-46 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 remuneration 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 remuneration 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 Remuneration". The amount of the Additional Remuneration 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 Remuneration.

The amount of any remuneration 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 remuneration should include any tax due by the company as remuneration.

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 remuneration arising or that could arise from it.

### 5.1.2.4 Conditions for changing 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 not representing 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 7 May 2020 concerning increases in the share capital of the company is given in the report by the Supervisory Board on corporate governance in section 4.2.5.2.

### 5.1.2.8 Changes in 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 section 1.7.4.

## 5.1.3 Company shareholders

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 2020

The main shareholders or group of shareholders are presented in the management report in section 1.7.

### 5.1.3.2 Significant agreements

During the last two financial years:

- Covivio Hotels has not entered into any material contracts to which the issuer or any other member of the Group is a party.
- no contract has been entered into by any member of the Group containing provisions conferring on any member of the Group an obligation or significant right affecting the entire Group, other than those entered into in the normal course of its business except for the outstanding financial contracts as of 31 December 2020 presented below.

**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 diversify 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%.

The principal financial agreements are detailed in the notes to the financial statements presented in Part 3 "Financial Information" of this Universal Registration Document.

# 5.2 Company overview

## 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.

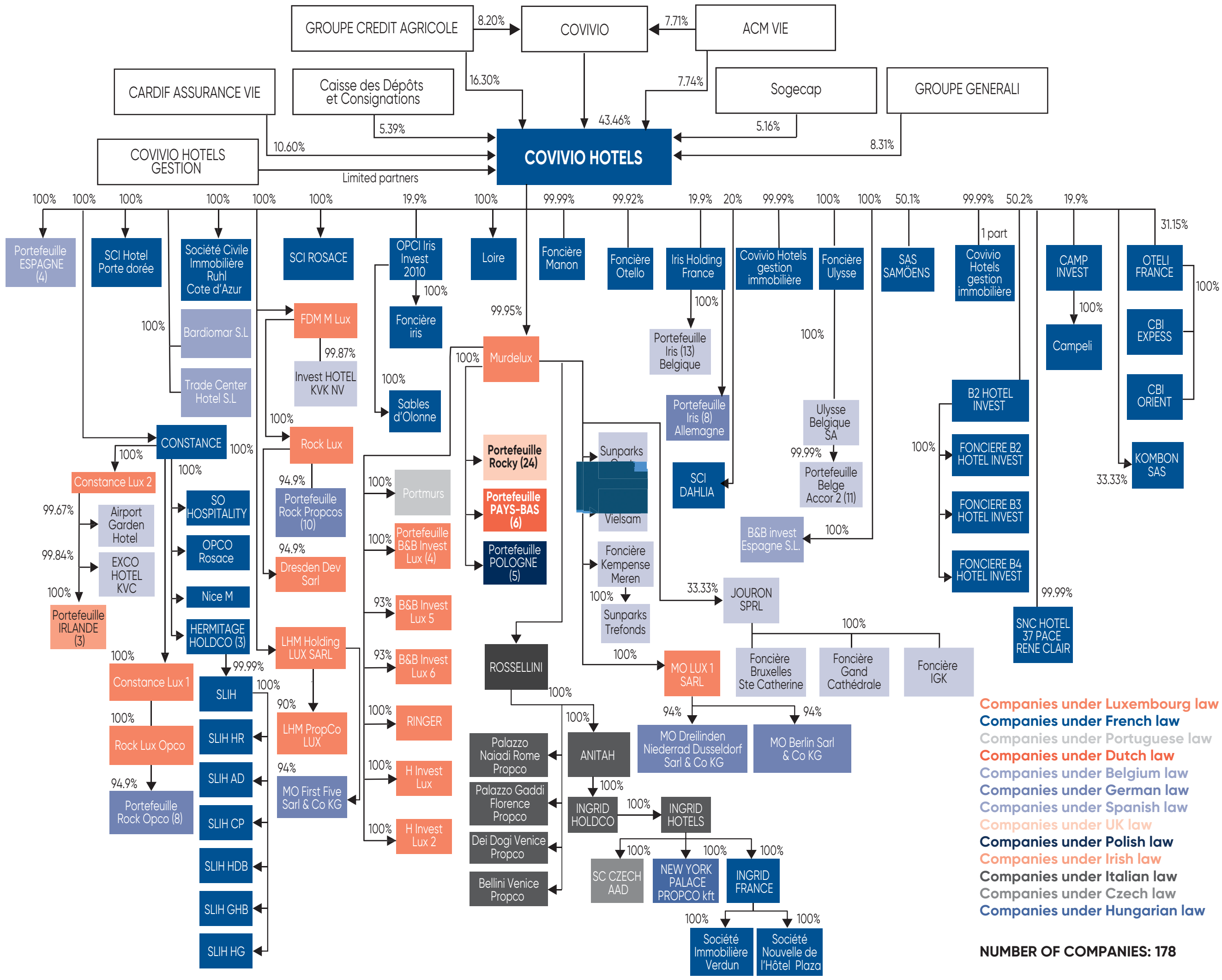
On 30 November 2004, Ferrand et Renaud, now Foncière des Murs, acquired SCI Foncière des Murs. This operation lay within the scope of the project to restructure the company into becoming a REITs specialised in long-term ownership of lease properties in the healthcare and leisure sectors and accommodation 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 2020, Covivio Hotels held a portfolio of 394 assets (including 20 operating properties and one asset under development) with a total appraised value of €5,937 million (excluding transfer duties) in Group share (*i.e.* €6,620 million in total share), spread across France and Europe, of which 325 are hotels, 53 restaurants and 16 garden centres.

## 5.2.2 Group organisation chart at 31 December 2020

Details of Covivio Hotels and its subsidiaries at 31 December 2020 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).

We also state that:

- 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.

5

### Majority shareholder

Covivio holds 43.46% of the share capital of Covivio Hotels. The summary of the distribution of the Covivio share capital at 31 December 2020 is given in detail below:

| Name of shareholders | Number of shares | % |
|---|---|---|
| Delfin Group | 25,765,290 | 27.25 |
| Covea Group | 6,797,240 | 7.19 |
| Crédit Agricole Assurances Group | 7,750,975 | 8.20 |
| CM-CIC Group | 7,289,917 | 7.71 |
| Blackrock | 5,414,767 | 5.73 |
| Banque Populaire Alsace Lorraine Champagne | 969,128 | 1.03 |
| BNP Paribas | 437,221 | 0.46 |
| Generali | 264,235 | 0.28 |
| Free float, registered and other bearers | 39,591,189 | 41.88 |
| Treasury shares | 264,270 | 0.28 |
| **TOTAL** | **94,544,232** | **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 and 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 remuneration 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 Articles of 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 Supervisory Board of Covivio Hotels

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 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 required 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 Board (Articles 13 and 14 of the Articles of Association)

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 4.2.2.2.6.2.

#### 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 4.2.2.2.3.3. of this Document.

#### 5.3.3.2.5 Conflicts of interest – family ties

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 Exceptional events and disputes

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**<br>Tour Exaltis<br>61, Rue Henri-Regnault<br>92400 COURBEVOIE | 30 November 2004<br>Renewed on 8 April 2010<br>and on 8 April 2016 | OGM ruling on the annual financial statements closed at 31 December 2021 |
| | **Ernst & Young et Autres**<br>1/2 Place des Saisons<br>Paris – La Défense 1<br>92400 COURBEVOIE | 11 April 2013<br>Renewed on 5 April 2019 | OGM ruling on the annual financial statements closed at 31 December 2024 |
| **Alternates** | **Cyrille Brouard**<br>Tour Exaltis<br>61, rue Henri Regnault,<br>92400 COURBEVOIE | 6 April 2005<br>Renewed on 8 April 2010<br>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 by the person responsible including the annual financial report

I hereby certify that the information contained in this Universal Registration 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, 12 March 2021

**Dominique Ozanne**

Chairman of Covivio Hotels Gestion

Managing partner

Person responsible 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 Registration Document:

- the consolidated accounts for the fiscal year ended 31 December 2019 as well as the corresponding reports by the Statutory Auditor on page 67 to 152 of the 2019 Registration Document filed with the AMF on 6 March 2020 under No. D.20-0110
- the consolidated accounts for the fiscal year ended 31 December 2018 as well as the corresponding reports by the Statutory Auditors on page 63 to 143 of the 2018 Registration Document filed with the AMF on 8 March 2019 under No. D.19-0126.

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

| | |
|---|---|
| 6 January 2020 | Covivio acquires €620 million of iconic hotels in Europe |
| 29 January 2020 | Liquidity contract half-year statement at 31 December 2019 |
| 12 February 2020 | Publication of annual results for 2019 |
| 19 February 2020 | Publication of the consolidated accounts for 2019 |
| 19 February 2020 | Publication of the parent company financial statements for 2019 |
| 26 February 2020 | Procedures for making the preparatory documents available to the AGM of 3 April 2020 |
| 9 March 2020 | Availability of the 2019 Universal Registration Document |
| 18 March 2020 | Publication on the impact of the Coronavirus on our business |
| 26 March 2020 | Proposed payment of the dividend in shares |
| 1 April 2020 | Procedures for making the preparatory documents available to the AGM of 7 May 2020 |
| 20 April 2020 | Attendance procedures for the General Meeting of 7 May 2020 |
| 20 April 2020 | Attendance procedures for the General Meeting of 7 May 2020 |
| 22 April 2020 | Activity at end-March 2020 |
| 7 May 2020 | Description of the 2020 share buyback programme |
| 7 May 2020 | Approval of the option to receive the dividend in shares |
| 2 June 2020 | Shareholders holding 98.6% of the share capital opt to take dividend in shares |
| 3 June 2020 | Publication of information on the total number of voting rights and shares making up the share capital |
| 15 July 2020 | Liquidity contract half-year statement at 30 June 2020 |
| 15 July 2020 | 2020 half-year results |
| 31 August 2020 | Availability of the half-year financial report for 2020 |
| 8 September 2020 | Covivio Hotels completes the acquisition of eight hotels leased to NH Hotels |
| 15 October 2020 | Activity at end-September 2020 |
| 23 December 2020 | Announcement of the suspension of ICR covenant |
| 12 January 2021 | Liquidity contract half-year statement at 31 December 2020 |
| 12 February 2021 | 2020 Annual results |

## 5.5.2 Publications in the BALO (Bulletin des Annonces Légales Obligatoires)

| | |
|---|---|
| 26 February 2020 | Publication of the meeting notice for the Combined General Meeting on 03/04/2020 |
| 16 March 2020 | Publication of the convening notice for the Combined General Meeting on 03/04/2020 |
| 1 April 2020 | Publication of the notice of adjournment of the Combined General Meeting of 03/04/2020 and notice of meeting for the Combined General Meeting of 07/05/2020 |
| 22 April 2020 | Publication of the convening notice for the Combined General Meeting on 07/05/2020 |
| 18 May 2020 | Publication of the final financial statements at 31/12/2019 |

# 5.6 Summary appraisers' report

Dominique Ozanne

Covivio Hotels 10, avenue Kléber 75116 Paris

Paris, 12 February 2021

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 2020.

## 5.6.1 General background on the appraisals

### General framework

Covivio Hotels asked us to estimate the fair value of its portfolio in Europe. 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, BPCE Expertises Immobilières, HVS and MKG have no capital ties with Covivio Hotels.

The appraisal companies BNP Paribas Real Estate Valuation, CBRE Valuation, Cushman & Wakefield Valuation, BPCE Expertises Immobilières, HVS and MKG confirm that the appraisals were carried out by and under the responsibility of qualified appraisers.

The annual fees billed to Covivio Hotels 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 Hotels.

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 268 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, 20 assets in Spain, four assets in Italy, three assets in Poland, one asset in Ireland, two assets in Hungary and one asset in the Czech Republic. For this assignment, Covivio requested us to carry out initial appraisals or updates on documents.

Our assignment was to appraise the fair value at the occupancy rate announced at 31 December 2020.

The appraised assets are located in Europe. They are primarily assets that are wholly owned by Covivio Hotels 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 2020 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 Fair value appraised by BPCE Expertises Immobilières

The comprehensive fair value corresponds to the sum of the unit values each of asset.

Fair value at 100%: €764,940,000 excluding expenses and duties.

Presentation of the appraisal values per class of assets:

| Sectoral breakdown | Valuation | Number of assets |
|---|---|---|
| Accor assets | 531,600,000 | 22 |
| Operating properties assets | 113,400,000 | 3 |
| Retail premises assets | 119,940,000 | 69 |
| **TOTAL** | **764,940,000** | **94** |

### 5.6.3.2 Fair value appraised by BNP Paribas Real Estate Valuation

The comprehensive fair value corresponds to the sum of the unit values each of asset.

Fair value at 100%: €873,710,000 excluding expenses and duties.

Presentation of the appraisal values per class of assets:

| Sectoral breakdown | Valuation | Number of assets |
|---|---|---|
| B&B assets | 157,710,000 | 21 |
| MEININGER assets | 61,410,000 | 1 |
| Motel One assets | 51,000,000 | 1 |
| Assets in Spain | 494,490,000 | 7 |
| Leisure assets | 109,100,000 | 2 |
| **TOTAL** | **873,710,000** | **32** |

### 5.6.3.3 Fair value appraised by Cushman & Wakefield Valuation France

The comprehensive fair value corresponds to the sum of the unit values each of asset.

Fair value at 100%: €849,730,000 excluding expenses and duties.

Presentation of the appraisal values per class of assets:

| Sectoral breakdown | Valuation | Number of assets |
|---|---|---|
| Accor assets | 243,930,000 | 34 |
| NH Hotel Group assets | 203,200,000 | 8 |
| Spain assets | 107,700,000 | 8 |
| Motel One assets | 51,900,000 | 2 |
| Leisure assets | 184,400,000 | 2 |
| Operating properties assets | 58,600,000 | 1 |
| **TOTAL** | **849,730,000** | **55** |

### 5.6.3.4 Fair value appraised by HVS

The comprehensive fair value corresponds to the sum of the unit values each of asset.

Fair value at 100% (in pounds): £707,800,000 excluding costs and transfer taxes.

Presentation of the appraisal values per class of assets:

| Sectoral breakdown | Valuation (in pounds) | Number of assets |
|---|---|---|
| UK assets | 707,800,000 | 12 |
| **TOTAL** | **707,800,000** | **12** |

### 5.6.3.5 Fair value appraised by CBRE Hotels Valuation

The comprehensive fair value corresponds to the sum of the unit values each of asset.

Fair value at 100%: €2,239,441,596 excluding expenses and duties.

Presentation of the appraisal values per class of assets:

| Sectoral breakdown | Valuation | Number of assets |
|---|---|---|
| AccorInvest assets | 853,609,596 | 49 |
| B&B assets | 490,760,000 | 93 |
| Operating properties assets | 875,209,000 | 9 |
| MEININGER assets | 19,863,000 | 1 |
| **TOTAL** | **2,239,441,596** | **152** |

### 5.6.3.6 Fair value appraised by MKG

The comprehensive fair value corresponds to the sum of the unit values each of asset.

Fair value at 100%: €1,060,910,933 excluding expenses and duties.

Presentation of the appraisal values per class of assets:

| Sectoral breakdown | Valuation | Number of assets |
|---|---|---|
| B&B assets | 215,635,769 | 31 |
| MEININGER assets | 47,274,174 | 1 |
| NH assets | 646,304,825 | 10 |
| Operating properties assets | 151,696,164 | 7 |
| **TOTAL** | **1,060,910,933** | **49** |

## 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.

Cushman & Wakefield Valuation France
Philippe Dorion
Deputy Chief Executive Officer

BNP Paribas Real Estate Valuation
Jean-Claude Dubois
Chairman

BPCE Expertises Immobilières
Philippe Taravella
Chief Executive Officer

CBRE Hotel Valuation
Benjamin Deljurie
Director, Head of Hotels Valuation France & Belux

HVS London
Sophie Perret
Director

MKG
Vanguélis Panayotis
Chairman

Hôtel Kimpton Fitzroy Londres
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Investments made in **3** new countries in 2020: Italy, Hungary and the Czech Republic.

# Cross-reference table

# Cross-reference table

To facilitate the reading of the annual report registered as a Universal Registration Document, the following theme-based table identifies the main information required under the headings of Appendix 1 of Delegated Regulation (EU) 2019/980 of the European Commission of 14 March 2019.

| | Type of information | Section and page No. |
|---|---|---|
| **1.** | **Responsible parties, information from third parties, appraiser's reports and approval by the competent authority** | |
| 1.1 | Parties responsible for information | § 5.4.1 p. 254 |
| 1.2 | Statements made by the responsible parties | § 5.4.2 p. 254 |
| 1.3 | Appraisers' statements or reports | § 5.6 p. 256 |
| 1.4 | Information from third parties | N/A |
| **2.** | **Statutory auditors** | |
| 2.1 | Names and addresses | § 5.3.4.1 p. 253 |
| 2.2 | Resignations/non-renewals | N/A |
| 2.3 | Remuneration | § 3.2.7.6 p. 123 |
| **3.** | **Risk factors** | |
| 3.1 | Market risk | § 1.6.2.2. p. 42 |
| 3.2 | Risks linked to the company's operation | § 1.6.2.2 p. 42 and 1.6.2.4 p. 46 |
| 3.3 | Risks linked to the environment | § 1.6.2.2. p. 42 and 1.6.2.1 p. 41 |
| 3.4 | Other risks | § 1.6.2 p. 41; § 3.2.2 p. 86 |
| **4.** | **Information about the issuer** | |
| 4.1 | History of the Company | § 5.2.1 p. 248 |
| 4.1.1. | Name and purpose of the company | § 5.1.1.1 p. 244 |
| 4.1.2. | Place of registration and registration number of the company | § 5.1.1.4 p. 244 |
| 4.1.3. | Date of incorporation and term of the company | § 5.1.1.7 p. 244 |
| 4.1.4. | Registered office and legal form of the company | § 5.1.1.2 and 5.1.1.3 p. 244 |
| 4.1.5. | Development of the company's activity | § 1.2.1 p. 6 § 3.2.4 p. 95 |
| 4.2 | Investments | |
| 4.2.1. | Main investments made during the fiscal year | § 1.2.1 p. 6 § 3.2.5 p. 96; |
| 4.2.2. | Main investments in progress | § 1.2.1 p. 6 § 3.2.5 p. 96 |
| **5.** | **Overview of activities** | |
| 5.1 | Main activities | |
| 5.1.1. | Transactions carried out by the company during the fiscal year | § 1.2.1 p. 6 |
| 5.1.2. | Major new products or services launched on the market | N/A |
| 5.2 | Main markets | § 1.2.2.1 p. 7; § 1.2.3.1 p. 15 |
| 5.3 | Significant events in the business's development | § 1.2.1 p. 6 |
| 5.4 | Strategy and objectives | § 1.1 p. 6 |
| 5.5 | Any dependence (Patents/Licenses/Industrial and commercial agreements) | N/A |
| 5.6 | Competitive position | § 1.9.8 p. 65 |
| 5.7 | Investments | § 1.2.1 p. 6 § 3.2.5 p. 96 |
| **6.** | **Organisation chart** | |
| 6.1 | Description of the group | § 1.9.1 p. 64 and 1.9.2 p. 65; § 5.2.2 p. 249 |
| 6.2 | List of major subsidiaries | § 3.5.6.5 p. 160; § 1.9.1 p. 64 |
| **7.** | **Review of the financial position and income** | |
| 7.1 | Financial position | § 1.5 p. 30; § 3.1.1 p. 80 |
| 7.2 | Operating income | § 1.5.1.3 p. 30; § 3.1.2 p. 82; § 3.2.6 p. 112 |
| **8.** | **Cash and share capital** | |
| 8.1 | Issuer capital | § 3.1.4 p. 83; § 3.2.5.11 p. 104 |
| 8.2 | Sources and amounts of cash flows | § 3.1.5 p. 84; § 1.5.1.7 p. 33; § 3.2.5.10 p. 104 |
| 8.3 | Borrowing conditions and financing structure | § 1.5.1.7 p. 33; § 3.2.5.12 p. 105 |

| Type of information | | Section and page No. |
|---|---|---|
| 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. 105 |
| **9.** | **Regulatory framework** | **§ 1.6 p. 39** |
| **10.** | **Information on trends** | |
| 10.1 | Main trends | § 1.1 p. 6; § 1.9.6 p. 63 |
| 10.2 | Events that may influence trends | § 1.2.1 p. 6 § 3.2.5 p. 96;<br>§ 1.5.1 p. 30 |
| **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. 191; § 4.2.4 p. 228 |
| 12.2 | Administrative, management and supervisory bodies and senior management conflicts of interest | § 4.2.2.2.6.2 p. 222;<br>§ 5.3.3.2.5 p. 253 |
| **13.** | **Remuneration and benefits** | |
| 13.1 | Amount of remuneration paid and benefits in kind | § 4.2.4.1 p. 228; § 4.2.4.2 p. 229<br>§ 1.7.7 p. 61; § 5.3.2 p. 251 |
| 13.2 | Total amount provisioned or recognised for pension payments retirement schemes and other benefits | § 3.2.5.13 p. 110; § 3.5.3.4.2 p. 146 |
| **14.** | **Operation of the administrative and management bodies** | |
| 14.1 | Date of expiration of current term of office | § 4.2.2.1 p. 195 |
| 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. 65 § 3.5.6.3 p. 159 |
| 14.3 | Information about the issuer's Audit Committee and Remuneration Committee | § 4.2.3.1 p. 226 |
| 14.4 | Issuer's compliance with the current applicable corporate governance system | § 4.2 p. 190 |
| 14.5 | Changes liable to affect corporate governance | § 4.2.2.1 p. 195 |
| **15.** | **Employees** | |
| 15.1 | Number of employees at period-end covered by the historical financial information | § 3.2.7.1 p. 117; § 3.5.6.1 p. 159 |
| 15.2 | Profit-sharing and stock options | § 1.7.6 p. 61 |
| 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. 58 |
| 16.2 | Existence of different voting rights | § 1.7.2 p. 58 |
| 16.3 | Control of the issuer | § 1.7.2 p. 58 |
| 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. 65 § 3.2.7.4 p. 123** |
| **18.** | **Financial information concerning the issuer's portfolio, financial position and results** | |
| 18.1 | Historical financial information | § 1.5.2.6 p. 38; § 5.4.3 p. 254 |
| 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. 63; § 1.5.2.5 p. 37 |
| 18.6 | Arbitration and judicial proceedings | § 5.3.3.2.4 p. 253;<br>§ 5.3.3.2.6 p. 253 |
| 18.7 | Significant change in the financial or commercial position | N/A |
| **19.** | **Additional information** | |
| 19.1 | Share capital | § 5.1.2 p. 245 |
| 19.2 | Corporate charter and Articles of Association | § 5.1.1 p. 244; § 5.1.2 p. 245 |
| **20.** | **Significant agreements** | **§ 1.2.2.3 to § 1.2.2.5 p. 15;<br>§ 1.2.3.3 p. 18; § 5.1.3.2 p. 247** |
| **21.** | **Documents accessible to the public** | **§ 5.5 p. 255** |

# Table of concordance with the annual financial report



# Table of concordance with report of Annual General Meeting

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