universal registration document

EDITION 2021

COVIVIO HOTELS

Contents

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

2021 Universal Registration Document

including the Annual Financial Report

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Covivio Hotels

Partnership limited by shares with share capital of €592,565,808
Registered office: 30, avenue Kléber 75116 Paris
Paris Trade and Companies Register 955 515 895

Key figures 2021

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 325 hotels located at the centre of major European cities. It currently partners with around 16 hotel chains representing some 30 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 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 at 31/12/2021

79% Hotel leased properties

20% Hotels under management

1% Retail

(€K)		Fiscal year 2021	Fiscal year 2020
Revenues, Group share		**188,202**	**144,035**
of which:	Hotel leased properties (rental income)	161,739	124,546
	Hotels under management (EBITDA)	20,965	7,565
	Retail premises (rental income)	5,498	11,924

(€M)		Fiscal year 2021	Fiscal year 2020
Portfolio value, Group share		**5,942**	**5,937**
of which:	Hotel leased properties	4,690	4,644
	Hotels under management	1,190	1,174
	Retail premises	61	120

Simplified consolidated income statement

(€K)	Fiscal year 2021	Fiscal year 2020
Net rental Income	163,377	132,991
Managed hotel income	21,426	7,877
Net cost of operations	-19,593	-20,827
Depreciation of operating asset	-42,341	-42,858
Net allowances to provisions and other	16,518	4,745
Current operating income	**139,387**	**81,928**
Income from asset disposals	-455	-1,133
Net valuation gains and losses	-16,294	-327,627
Income from disposals of securities	-1,151	-92
Income from changes in scope	-22,497	-3,802
Operating income (loss)	**98,990**	**-250,725**
Net financial income/(charges)	-4,131	-117,174
Share of income from equity affiliates	10,691	-13,509
Net income before tax	**105,550**	**-381,409**
Taxes	-31,110	46,280
Net income	**74,441**	**-335,129**
Profit from discontinued operations	0	0
Minority interests	-24,151	-2,267
Net income Group share	**50,288**	**-337,396**

Figures, Group share

	Fiscal year 2021	Fiscal year 2020
Net income, Group share (€ per share)	0.36	-2.64
EPRA Earnings (in €M)	99.0	38.8
EPRA Earnings (in € per share)	0.70	0.30
EPRA NTA (in €M)	3,498	3,195
EPRA NTA (€ per share)	23.6	24.1
EPRA NDV (in €M)	3,167	2,819
EPRA NDV (in € per share)	21.4	21.3
Dividend* (in € per share)	0.65	0.26

* 2021 dividend proposed to the General Meeting of 7 April 2022.

Number of shares during the period	Fiscal year 2021	Fiscal year 2020
Number of shares at opening	132,547,616	121,036,633
Number of shares created by capital increase	15,593,836	11,510,983
Number of shares a period-end*	148,141,452	132,547,616
Average number of shares	141,125,610	127,735,648

* Including treasury shares: 9,297 at 31/12/2021 (*versus* 10,497 at 31/12/2020).

Simplified consolidated balance sheet

(€K)	Net 31/12/2021	Net 31/12/2020		Net 31/12/2021	Net 31/12/2020
Assets			**Liabilities**		
Non-current assets	6,430,606	6,553,360	Shareholders' equity	3,398,665	3,117,712
Current assets	280,194	150,669	Non-current liabilities	3,232,754	3,284,478
Cash	145,181	101,759	Current liabilities	224,562	403,598
ASSETS	**6,855,981**	**6,805,788**	**LIABILITIES**	**6,855,981**	**6,805,788**

Features of debt as at 31 December 2021

At 31 December 2021, the Group share of net financial debt stood at €2,417 million, with an average rate for the period of 1.94% and an average maturity of 4.9 years. In 2021, the average active hedging rate was 81.1%.

Barcelo Torre De Madrid
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325

hotels at the heart of the major European cities valuated €6.6 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 2021, a portfolio of 373 assets, including 325 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 continued to work in 2021 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

The recovery in activity observed starting in the summer of 2021 demonstrated the capacity for a rapid rebound in hotel performance when restrictions were lifted in Europe. Accordingly, the current environment should allow for a rapid recovery in hotel activity. Covivio Hotels will then be able to count 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 2021 events

Encouraging performances

For the hotel industry, 2021 was divided into two distinct periods: a first half still heavily impacted by the health crisis and various government restrictions and an especially encouraging second half of the year that sometimes even exceeded 2019's performance.

Overall, the market's performance in 2021 was much better than in 2020, with an over 42% increase in RevPAR, although it was still 54% lower than in 2019.

In Europe, the hotel recovery was sustained in the second half of 2021, RevPAR rebounding from -66% (vs 2019) in June to -36% in December. The performance of the summer months confirmed the strong rebound in countries with a significant domestic customer base, particularly France and Germany, representing 57% of Covivio Hotels' revenues, and also testified to the good fundamentals of the hotel activity, particularly in the leisure segment. France, and in particular Paris, benefited from a strong recovery throughout the second half of the year, with RevPAR up by 110% between July and November 2021, showing that beyond the leisure segment, business customers also returned quickly. Growth in Germany was interrupted in November as new restrictions were put in place.

The United Kingdom: a strategic market

The United Kingdom has seen the strongest recovery in Europe, with RevPAR close to 2019 levels since September 2021. The British market is one of the largest in Europe, with a domestic portion comparable to France's and Germany's and an international portion comparable Spain's.

In this light, Covivio Hotels and InterContinental Hotels Group reviewed, at the beginning of 2022, their agreements for the portfolio of 12 hotels situated in prime locations in the city centre of main UK metropoles (London, Edinburgh, Glasgow, etc.). Both parties signed a term-sheet agreeing on proposed amendments to the leases. This agreement notably includes a readjustment of the minimum guaranteed rent and the instalment of a variable rent on turnover, as well as performance tests. Binding agreement should occur by the end of March, which allows to reach a portfolio yield of 6%, after a complete recovery of the hotel activity.

Increase in portfolio values in the second half of the year

At the end of December 2021, Covivio Hotels held a unique portfolio in Europe worth €5,942 million (€6,645 million at 100%). This strategic portfolio is characterised by:

- high-quality locations: average Booking.com location grade rose to 8.8/10
- diversified portfolio: in terms of countries (12 countries, none representing more than 33% of the total portfolio), and segment (69% of hotels are economic/midscale; 31% are upscale)
- major hotel operators with long-term leases: operators with average residual lease term of 13.3 years.

After a -1.0% decline in the first half of the year on a like-for-like basis, the value of the portfolio rose by +0.7% in the second half, with an increase in fixed rent assets (+1.3%) and AccorInvest variable rent assets (+0.6%).

Covivio Hotels continued to dispose of non-strategic assets worth a total of €70 million (Group share), in line with the 2020 appraisal values. Covivio Hotels also signed new commitments for hotel assets during the year, for an amount of €71 million (Group share), with an average margin of around 20% on values at the end of 2020, of which €63 million involved the promise to sell a Club Med located in Samoëns.

The environmental certification rate of Covivio Hotels assets was 80.4% at the end of 2021, compared to 72.5% at the end of 2020. The increase is due to assets certification in Italy, Ireland and Hungary.

Strengthening the balance sheet and reducing debt

In June 2021, Covivio Hotels successfully completed its €250 million capital increase in cash with preferential subscription rights. The funds raised have been used to reimburse debts maturing in 2022/2023 and improved the Loan-to-Value (LTV) ratio by nearly 500 bps, from 41.9% at the end of 2020 to 37.1% at the end of 2021. Covivio Hotels net debt stands at €2,417 million compared to €2,690 million at the end of December 2020. The ICR ratio improved to 3.08, compared with 2.20 at the end of 2020.

Covivio Hotels also issued €599 million in eight-year, 1% coupon bonds in July and October 2021.

The average maturity of Covivio Hotels' debt is 4.9 years – with no major maturities in the next 12 months – up 0.5 year, compared to end 2020.

Covivio Hotels had cash and undrawn credit lines of €483 million as of 31 December 2021.

Thanks to the support of its shareholders, Covivio Hotels will be able, after this major crisis, to pursue its development with a solid balance sheet.

Revenues in 2021 benefited from the recovery in the second half of the year

The upturn in business in the second half of the year meant that hotel revenues increased by 27.5% on a like-for-like basis by the end of 2021, following a 1.5% decline in revenues in the first half.

Hotel Revenues 2021: €182.7 million Group Share

Hotel lease properties (80% of the hotel portfolio)

- Variable rents: the portfolio is leased mainly to AccorInvest (22% of total portfolio) in France and Belgium and consists of budget (Ibis) and mid-range (Novotel, Mercure) hotels. In 2021, thanks to the recovery of the hotel business, rents for this portfolio, which are entirely indexed to revenues, amounted to €26.7 million, up 69% compared to 2020.
- Hotels in the United Kingdom leased to IHG (13% of hotel portfolio): no rent was recognised in 2020. In 2021, thanks to the recovery in the second half of the year, with occupancy rates of over 60% from September to November, revenues from this portfolio amounted to €12 million.
- Other hotel lease properties (45% of the portfolio): this includes fixed-rent hotel real estate let to B&B Hotels, NH Hotels, Motel One, Barcelo, Hotusa, etc. on long leases. The €14.7 million increase is mainly due to rental income from assets acquired in 2020 (portfolio of eight hotels let to NH Hotels). On a like-for-like scope, rents were down 1.1% due to the impact of the rent relief granted in 2020 and 2021.

Hotel operating properties (20% of the hotel portfolio)

- Most of these hotels are located in Germany (mainly Berlin), Nice and northern France. The recovery in this portfolio was strong in the second half of the year, especially during the summer months. Hotels in Germany experienced a slowdown at the end of the year due to restrictions.

Given the quality and strength of the Covivio Hotels rental base, the 2021 rent collection rate remained high at 96%.

Growing net financial income in 2021

The EPRA NDV (Net Disposal Value) was €3,167 million (compared with €2,819 million at the end of December 2020), a 12.3% increase and stands at €21.4/share.

The EPRA NTA (Net Tangible Asset) reached €3,498 million, up 9.5% year-on-year. Per share, the fall was 2.0% year-on-year, to €23.6/share, due to the capital increase completed in June at a price of €16 per new share. The EPRA NTA per share, adjusted for the impact of the capital increase, was up 1.6%. The EPRA NRV (Net Reinstatement Value) stood at €3,868 million, and €26.1/share.

EPRA Earnings were €99 million (compared with €39 million at 31 December 2020), an 155% as a result of variable revenues. EPRA earnings per share was €0.70 in 2021, compared to €0.30 in 2020.

Dividend

At the General Meeting of 7 April, Covivio Hotels will propose a dividend of €0.65 per share (€0.26 per share in 2020).

1.2.2 Hotels portfolio

1.2.2.1 Hotel market in Europe

In France

(Source: MKG)

As in 2020, France is the most resilient European country to the crisis with a RevPAR down -43% compared to 2019, compared to -61% in 2020. The average occupancy rate was 44% (33% in 2020). The city of Paris remained more impacted (RevPAR -63% *vs.* 2019), while Marseille ended at -20% *vs.* 2019. However, Paris rebounded well in H2, with RevPAR up by 110% between July and November 2021. The recovery was also very strong during the summer, with some regions, particularly the coast, even exceeding their performance in 2019.

In the United Kingdom

(Source: MKG)

The United Kingdom experienced a strong recovery in H2 2021, in line with the gradual lifting of the various restrictions. Overall, after a 71% fall in 2020 compared to 2019, 2021 ended at -49%. As in France, the average occupancy rate for 2021 was 44% (compared to 31% in 2020). London (RevPAR -65% vs 2019) remains more impacted than the other cities in the country (-49% in Manchester and -41% in Glasgow).

In Germany

(Source: MKG)

Conversely, Germany remained heavily impacted in 2021, due in particular to significant government restrictions throughout the year and an earlier surge of the Omicron variant than in other countries. The level of activity in H1 was particularly low (RevPAR -84% *vs.* 2019). The annual performance (-63%) thus remains broadly in line with that of 2020 (-64%). The same is true for the occupancy rate (31% in 2021 *vs.* 29% in 2020).

In Belgium and the Netherlands

(Source: MKG)

Belgium and the Netherlands remain at the back of the pack in Western Europe, with a decrease in RevPAR *vs.* 2019 of 66% and 72% respectively (compared to -73% and -74% in 2020).

In Spain and Portugal

(Source: MKG)

Spain and Portugal performed much better in 2021 than in 2020, thanks in particular to a very good summer season. Spain thus posted an overall occupancy rate of 41% in 2021, compared to 24% in 2020. In terms of RevPAR, the decrease compared to 2019 was 53% in 2021, compared to 75% in 2020. In Portugal, the improvement is a little less clear (RevPAR -65% vs 2019, compared to -76% in 2020).

In Italy

(Source: MKG)

In 2021, Italy achieved RevPAR -56% vs 2019 (compared to -77% in 2020). The average occupancy rate is 38% (*vs.* 24% in 2020). The economy range (-47% *vs.* 2019) is still holding up slightly better than the Upscale range (-58%).

In Central and Eastern Europe

(Source: MKG)

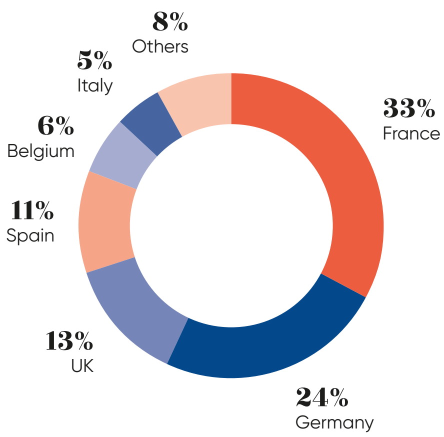
Poland achieved a 35% occupancy rate over the year and a decrease in RevPar of 54% vs 2019 (-68% in 2020). In Prague, these figures are 21% and -79%. Finally, they are 23% and -66% in Budapest.

1.2.2.2 Portfolio overview

The portfolio comprises 325 hotels and has a balanced distribution both in terms of range and geography. The hotel real estate business (rental income from operating properties and Managed hotel EBITDA) generated total revenues of €197 million in 2021, with a Group share of €183 million, up 27.5% year-on-year on a like-for-like basis.

Geographic breakdown of hotels by value at 31 December 2021 (€5,881 million in Group share)

At 31 December 2021, the appraisal value of the hotel portfolio held by Covivio Hotels totalled €5,881 million, or a Group share of €6,584 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 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	68
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	527
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	98
AccorInvest	Ibis Styles	Ibis Styles Lille Centre	Lille	France	140
AccorInvest	Ibis Styles	Ibis Styles Paris Bercy	Paris	France	361
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	Frankfurt	Germany	74
B&B	B&B	Frankfurt-Nord	Frankfurt	Germany	100
B&B	B&B	Freiburg	Freiburg	Germany	80
B&B	B&B	Hamburg East	Hamburg	Germany	155
B&B	B&B	Hannover	Hanover	Germany	74
B&B	B&B	Hannover	Hanover	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	Frankfurt	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	Châtenay-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	127
HCI	Holiday Inn	Holiday Inn Ciudad De Las Ciencas	Valencia	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	Valence	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	Frankfurt	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	Frankfurt	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					**305**

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	64
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	284
Sub-total operating properties assets					**20**
TOTAL HOTEL REAL ESTATE ASSETS					**325**
TOTAL ROOMS					**45,242**

* 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 a leading global hotel operator in Europe. It operates in 110 countries with 5,200 hotels and 51 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 260,000 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 2020, Accor generated revenues of €1.6 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 843 hotels with 126,790 rooms in nearly 26 countries.

1.2.2.4 Partnership with B&B

As of 31 December 2021, Covivio Hotels owns, directly or indirectly, 144 B&B hotels in France, Germany, Spain and Poland.

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 has more than 600 hotels in Europe and around the world. In 2019, the chain was bought by Goldman Sachs from PAI Partners for €1.9 billion.

1.2.2.5 Partnership with IHG

At 31 December 2021, Covivio Hotels owned 16 hotels under the IHG brand in the United Kingdom, France and Belgium.

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. The assets, which have benefited from recent work programmes, offer significant growth potential. 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 886,000 rooms at the end of 2020. Its 2020 revenue was $2.4 billion.

1.2.3 Operating 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 until 19 May 2021.

Garden centre market

In France, the gardening market performed relatively well in 2021, 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 2021, Covivio Hotels' portfolio of retail premises comprised 48 assets with an estimated value of €61 million. The portfolio is divided between 41 restaurants under the Courtepaille brand, two Jardiland assets and five former Courtepaille assets that were vacant at 31 December 2021.

List of restaurants held at 31/12/2021

Brand	Town/City	Department
Courtepaille	Vallauris	Alpes-Maritimes (06)
Courtepaille	Aix-en-Provence	Bouches-du-Rhône (13)
Courtepaille	Vitrolles	Bouches-du-Rhône (13)
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	Fenouillet	Haute-Garonne (31)
Courtepaille	Mérignac	Gironde (33)
Courtepaille	Voreppe	Isère (38)
Courtepaille	Bouguenais	Loire-Atlantique (44)
Courtepaille	Mormant-sur-Vernisson	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	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	Brie Comte Robert	Seine-et-Marne (77)
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	Appoigny	Yonne (89)
Courtepaille	Lisses	Essonne (91)
Courtepaille	Les Ulis	Essonne (91)
Courtepaille	Rosny-sous-Bois	Seine-Saint-Denis (93)
Courtepaille	La Plaine-Saint-Denis	Seine-Saint-Denis (93)
Courtepaille	Créteil	Val-de-Marne (94)
Courtepaille	Rungis	Val-de-Marne (94)
TOTAL RESTAURANT ASSETS		**41**

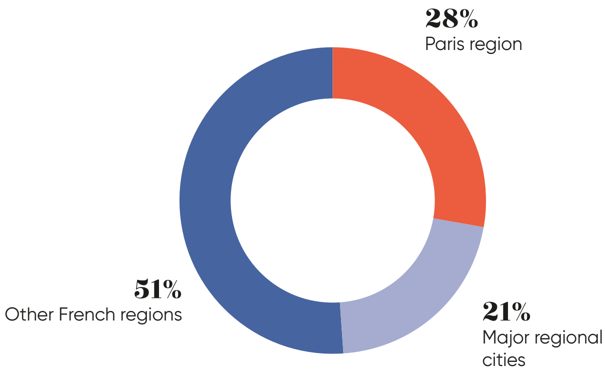
List of garden centres held at 31/12/2021

Brand	Town/City	Department
Jardiland	Lescure d'Albigeois	Tarn (81)
Jardiland	La Chaussée St-Victor	Loir-et-Cher (41)
TOTAL GARDEN CENTRE ASSETS		**2**

List of vacant assets (formerly Courtepaille)

Brand	Town/City	Department
Vacant	Caen Nord	Calvados (14)
Vacant	Limoges	Haute-Vienne (87)
Vacant	Linas	Essonne (91)
Vacant	Avallon Cussy	Yonne (89)
Vacant	Cergy-Pontoise	Val-d'Oise (95)
TOTAL VACANT ASSETS		**5**

Geographic breakdown of retail premises by value as at 31/12/2021 (total: €61 million)



1.2.3.3 Partnerships with retail premises

The operating retail portfolio held by Covivio Hotels includes 41 Courtepaille restaurants, two Jardiland garden centres and five vacant assets (formerly Courtepaille). At 31 December 2021, the portfolio was valued at €61 million, down from the previous year (-3% on a like-for-like basis), with an average yield of 7.1% 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.

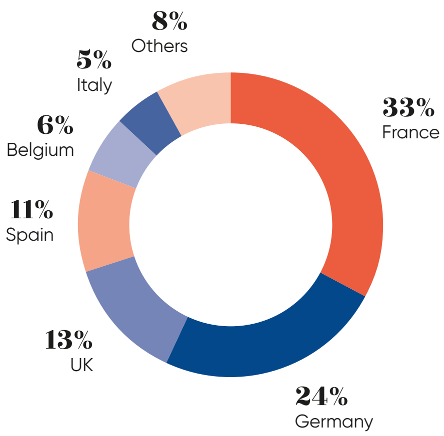
1.3 Portfolio

As at 31 December 2021, Covivio Hotels owned a portfolio of 373 assets, including 325 hotels, valued at €5,942 million excluding duties, Group share (€6,645 million in total), down 0.4% on 2021 on a like-for-like basis.

1.3.1 Geographical distribution

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

Geographic breakdown of the hotels portfolio as a% of value at 31/12/2021



The breakdown of the hotel portfolio underlines the company's strategy of geographical diversification, with no country exceeding 33% of the portfolio. 88% of the portfolio is located in the heart of major European cities.

1.3.2 Breakdown of revenues

Group share of revenues rose 30.7% (+24.7% on a like-for-like basis) to €188.2 million, compared with €144.0 million at 31 December 2020. This performance is due to the combined effect of:

- acquisitions and deliveries of assets under development (+€18.1 million)
- disposals made in 2020 and 2021 (-€6.1 million)
- the increase in rents and Ebitda on a like-for-like basis (+€20.9 million) linked to the recovery in activity from June 2021
- the recognition of rents in the United Kingdom given the resumption of hotel activity (+€12 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 13.3 years as at 31 December 2021.

Reconciliation of revenues, Group share at 31/12/2021 and revenues in the consolidated financial statements (see Section 3.2.6.1)

(€M)	2021 revenues consolidated financial statements	Non-controlling interest	2021 revenues Group share
Hotel real estate (rental income)	175.4	-13.7	161.7
Hotels under management (EBITDA)	21.4	-0.4	21.0
Retail premises (rental income)	5.5	–	5.5
TOTAL	**202.3**	**-14.1**	**188.2**

Annualised revenues

Group share of annualised revenues amounted to €309.0 million at the end of December 2021, the details of which are as follows:

Breakdown by business segment

(€M)	Number of rooms	Number of assets	2020 annualised revenues	2021 annualised revenues	As% of total rental income
Hotel real estate (rental income)	39,970	305	244.3	232.7	75.3%
Retail premises (rental income)	–	48	9.4	4.4	1.4%
TOTAL	**39,970**	**353**	**253.8**	**237.1**	**76.7%**
Hotels under management (EBITDA)	5,272	20	71.9	71.9	23.3%
TOTAL	**45,242**	**373**	**325.7**	**309.0**	**100%**

Breakdown by geographic location

(€M)	Number of rooms	Number of assets	2020 annualised revenues	2021 annualised revenues	As% of total rental income
Paris	5,558	19	31.2	30.2	9.8%
Inner rim	*1,518*	*8*	*5.6*	*5.6*	*1.8%*
Outer rim	*3,698*	*36*	*10.4*	*10.4*	*3.4%*
TOTAL PARIS REGION	**10,774**	**63**	**47.2**	**46.2**	**15.0%**
Major regional cities	7,074	62	21.9	22.0	7.1%
Other French Regions	5,033	65	11.7	11.7	3.8%
Rest of world	17,089	115	163.5	152.8	49.5%
TOTAL HOTEL LEASE PROPERTIES	**39,970**	**305**	**244.3**	**232.7**	**75.3%**
Retail premises (rental income)	–	48	9.4	4.4	1.4%
Hotels under management (EBITDA)	5,272	20	71.9	71.9	23.3%
TOTAL	**45,242**	**373**	**325.7**	**309.0**	**100%**

Breakdown by tenant/operator

(€M)	Number of rooms	Number of assets	2020 annualised revenues	2021 annualised revenues	As% of total rental income
Accor	17,334	109	77.7	77.0	24.9%
IHG	2,852	16	49.0	43.8	14.2%
B&B	12,755	144	31.8	31.4	10.2%
RHG	1,919	5	27.2	27.1	8.8%
Marriott	1,320	5	20.1	20.1	6.5%
NH Hotel Group	3,029	19	46.0	43.3	14.0%
Hotusa	671	3	8.2	8.0	2.6%
Barcelo	641	3	7.1	5.6	1.8%
Club Med	792	2	7.5	7.5	2.4%
AC Hotels	368	1	5.7	5.7	1.8%
Melia	534	3	4.4	4.4	1.4%
Motel One	712	3	4.4	4.3	1.4%
MEININGER	598	3	6.1	6.2	2.0%
Sunparks	877	2	7.1	7.1	2.3%
Others	840	7	14.0	13.2	4.3%
Retail	-	48	9.4	4.4	1.4%
TOTAL	**45,242**	**373**	**325.7**	**309.0**	**100%**

1.3.3 Lease schedule

The residual lease term was 13.3 years at 31 December 2021, including 13.3 years for hotels, compared with 14.1 years at 31 December 2020.

(€M)	By lease end date	As% of the total
2022	2.7	1.1%
2023	9.9	4.2%
2024	2.2	0.9%
2025	5.0	2.1%
2026	7.5	3.2%
2027	0.0	0.0%
2028	31.1	13.1%
2029	0.0	0.0%
2030	23.5	9.9%
2031	12.2	5.1%
Beyond	143.1	60.3%
TOTAL RENTAL INCOME	**237.1**	**100%**

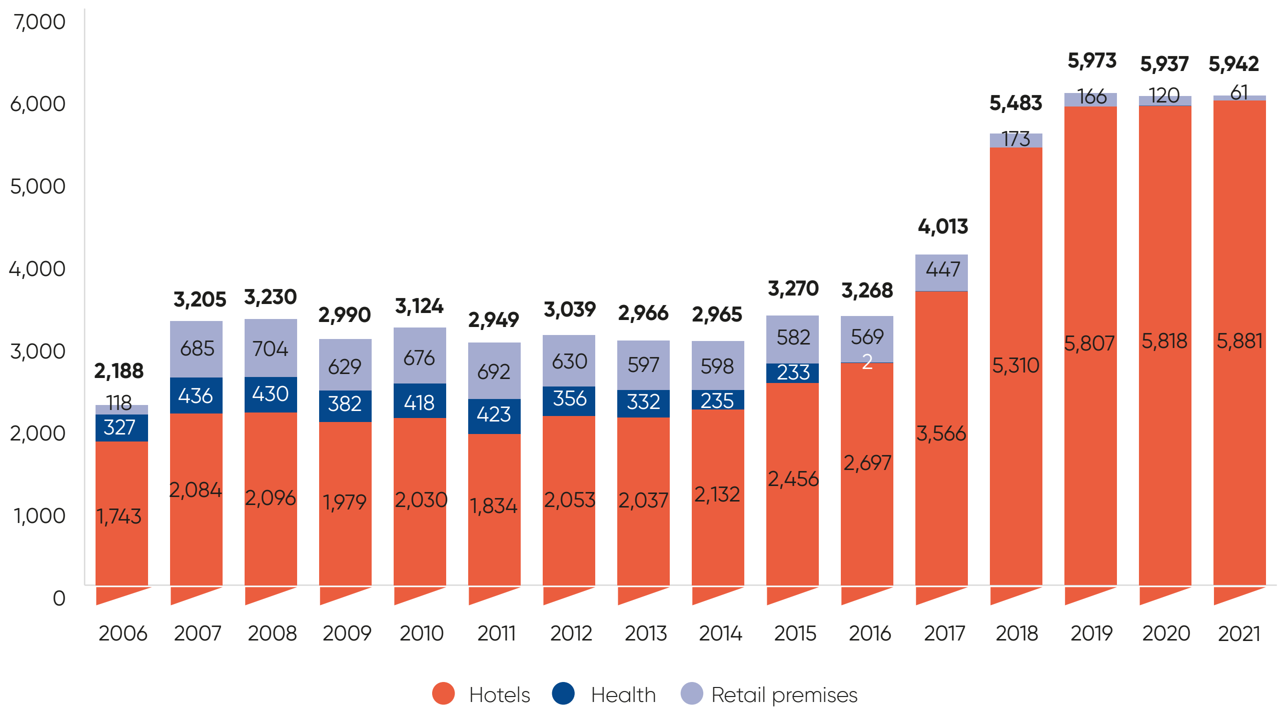
1.3.4 Hotel occupancy rate

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 31/12/2021 and the value of real estate assets in the consolidated financial statements (see Section 4.2.5.1.2)

Portfolio (as of 31/12/2021)	€5,942M
Right-of-use on investment properties	+€249M
Right-of-use on operating assets	+€26M
Equity affiliates >30%	-€169M
Non-accrued goodwill of Operating Property assets	-€101M
REAL ESTATE ASSETS GROUP SHARE	**€5,947M**
Companies' fully consolidated non-controlling interest	+€339M
100% REAL ESTATE ASSETS - IFRS ACCOUNTS	**€6,286M**

1.4.1 Appraisal values

As at 31 December 2021, the appraisal value of assets excluding duties was €5,942 million in Group share (€6,645 million in total), compared with €5,937 million as at 31 December 2020.

Change in asset value and capitalisation rate

	Value excluding duties 2020	Value excluding duties 2021	Var. 12 months at like-for-like scope	2020 yield rate*	2021 yield rate*	As% of total value
Hotels (leased properties and hotels under management)	5,818	5,881	-0.3%	5.5%	5.3%	99%
Retail premises	120	61	-3.0%	7.9%	7.1%	1%
TOTAL	**5,937**	**5,942**	**-0.4%**	**5.5%**	**5.3%**	**100%**

* Yields calculated on the basis of 2019 revenues for variable rents and operating properties.

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, 7.8% to 8.0% for the Netherlands, 3.5% to 8.5% for Germany, 1.5% to 5.1% for Spain, 6.8% for the UK (6.3% for Scottish assets) and 7.3% 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 Financial Markets Authority (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 ten years and adding in the present exit value of the assets in the tenth year.

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 Hotels – 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 considered that below a residual maturity of 30 years, the method of valuing the asset for this type of contract should be limited to the discounting of rent flows until the term.

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.

Land-construction breakdown: on the basis of the value and the floor area of the establishment, the breakdown between land and buildings was estimated using the Afrexim ratio method.

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.

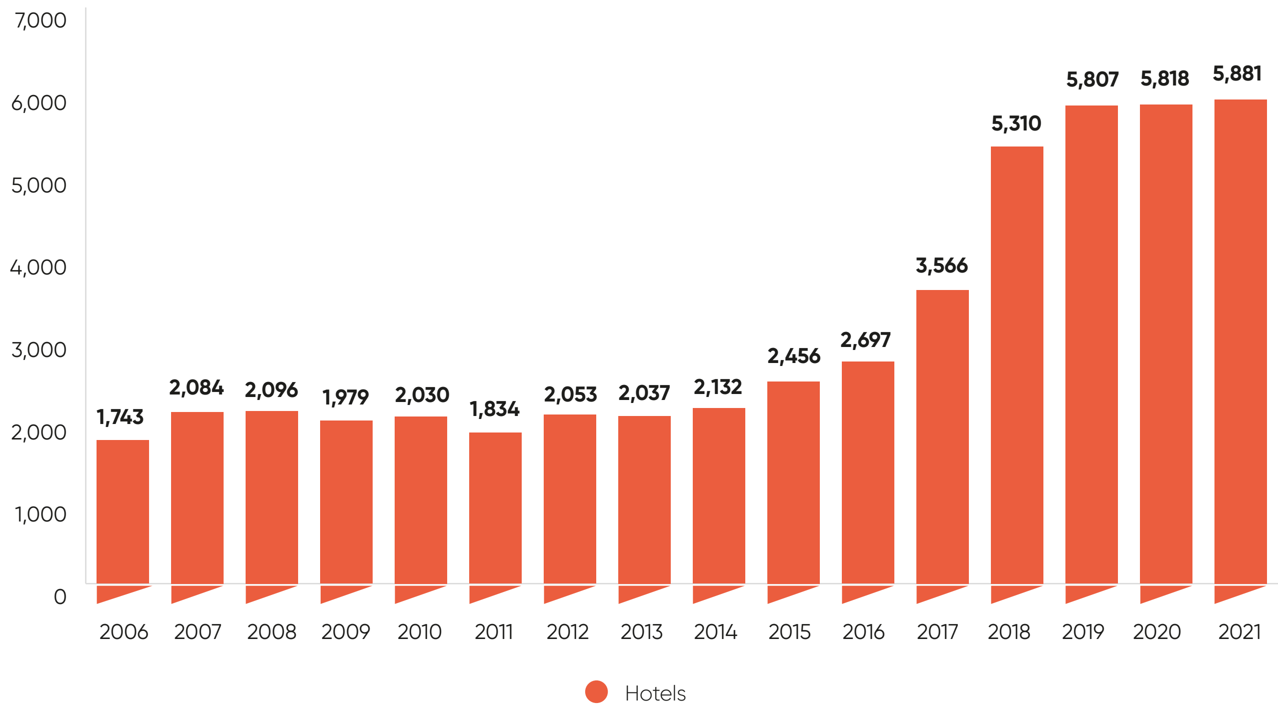
In theory, the sale of a property is subject to the French Government receiving transaction fees. The amount of duty depends on the type of sale, the buyer and the location. The first two conditions are only known, and therefore the amount of duties to be paid, once the sale has been completed. An analysis 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 Hotel valuation

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 (in €M):

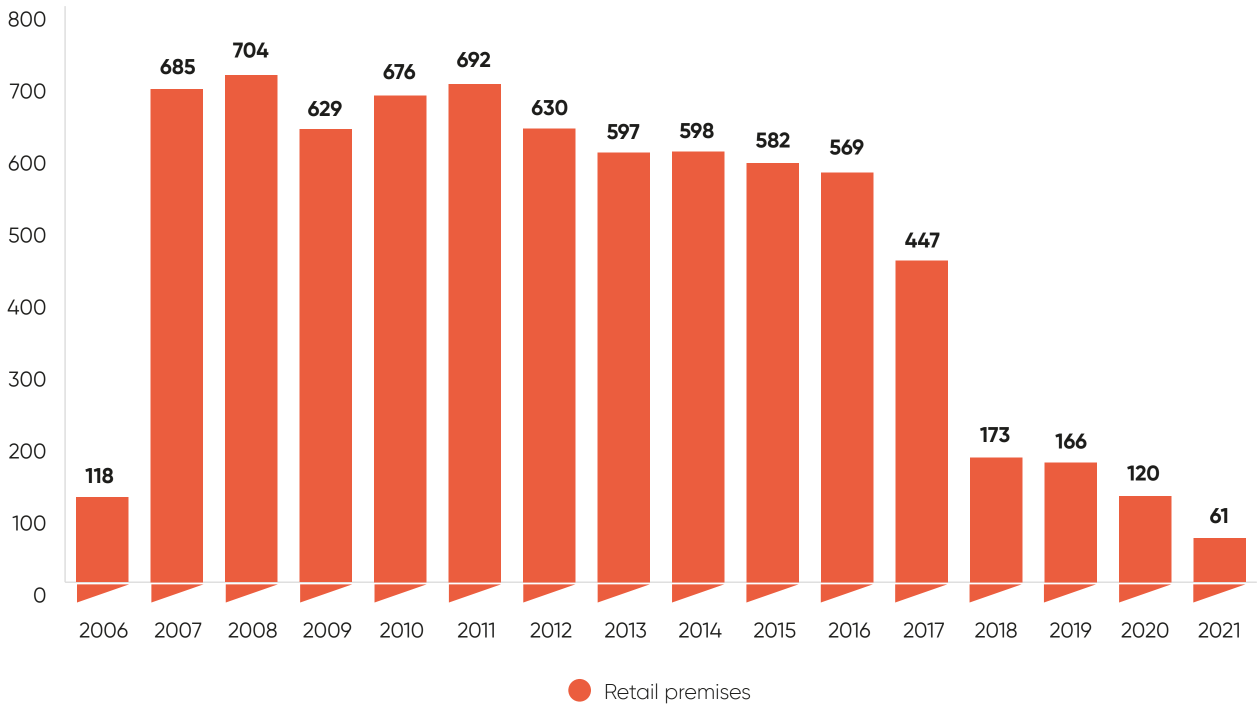


The fall in appraisal values was -0.3% on a like-for-like basis. The latter is mainly driven by assets in the United Kingdom (-6.4%).

1.4.1.3 Valuation of retail premises

The appraisals were carried out by BPCE Expertises Immobilières.

The portfolio value has changed as follows (in €M):



In the retail premises segment, the 3.0% reduction in values on a like-for-like basis was due to the fall in value of the vacant Courtepaille assets (-51%).

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	331,840	6%
	France	CBRE Hotel Valuation	562,299	9%
	France	BPCE Expertises Immobilières	353,800	6%
	France	Cushman & Wakefield	553,000	9%
	France	MKG	53,272	1%
	Germany	BNP Paribas Real Estate	78,991	1%
	Germany	Cushman & Wakefield	310,886	5%
	Germany	CBRE Hotel Valuation	786,516	13%
	Germany	MKG	260,997	4%
	Belgium	CBRE Hotel Valuation	149,916	3%
	Belgium	BPCE Expertises Immobilières	54,100	1%
	Belgium	MKG	18,753	0%
	Belgium	BNP Paribas Real Estate	106,060	2%
	Netherlands	MKG	144,985	2%
	Netherlands	Cushman & Wakefield	12,300	0%
	Portugal	CBRE Hotel Valuation	80,500	1%
	Spain	Cushman & Wakefield	124,900	2%
	Spain	BNP Paribas Real Estate	491,480	8%
	Spain	CBRE Hotel Valuation	13,500	0%
	UK	HVS	785,247	13%
	Ireland	MKG	52,089	1%
	Poland	BNP Paribas Real Estate	23,760	0%
	Italy	MKG	264,957	4%
	Hungary	MKG	130,456	2%
	Czech Republic	MKG	62,329	1%
Retail premises	France	BPCE Expertises Immobilières	58,450	1%
Assets not subjected to an appraisal			76,550	1%
TOTAL			**5,941,935**	**100%**

The summary appraisal report is available in the "Information and management" section in Chapter 6.6 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 – 92130 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	185 avenue Charles de Gaulle -92200 Neuilly-sur-Seine
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 €815 thousand in 2021. For each company, the fees charged represent less than 10% of their revenues.

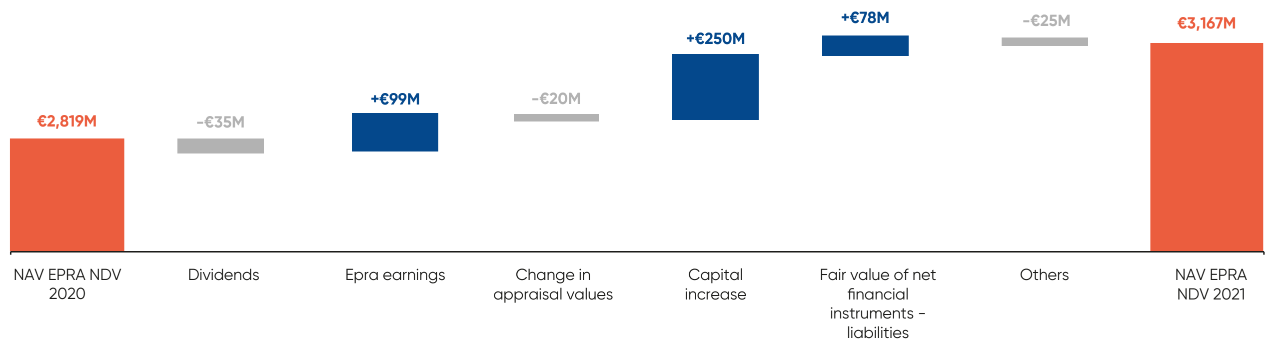
1.4.2 Net asset value (NAV) – EPRA format

At 31 December 2021, EPRA NTA NAV stood at €3,498.3 million (or €23.6 per share), an increase of 9.5% over 2020. EPRA NDV NAV was €3,167.4 million (*i.e.* €21.4 per share), up 12.3% compared to 2020.

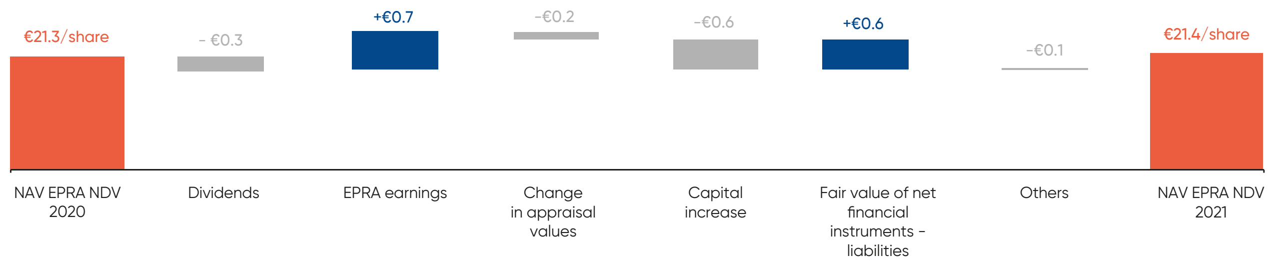
The calculation of NAV and its year-on-year change is as follows:

(€M)	31/12/2021	31/12/2020	Change
Group consolidated shareholders' equity	**3,201.4**	**2,936.6**	**264.8**
Fair value of operating property assets net of deferred taxes	80.5	45.3	35.2
Duties	269.1	267.1	1.9
Fair value of financial instruments	50.4	106.1	-55.7
Deferred tax	266.5	226.5	40.1
EPRA NRV	**3,867.9**	**3,581.6**	**286.3**
Non optimised transfer rights	-221.6	-219.5	-2.1
Goodwill and intangible balance sheet assets	-115.2	-133.0	17.9
Deferred tax on non-core assets	-32.9	-34.0	1.1
EPRA NTA	**3,498.3**	**3,195.1**	**303.2**
Optimised transfer rights	-47.5	-47.7	0.1
Intangible balance sheet assets (excl. Goodwill)	0.2	0.2	0.0
Fair value of fixed-rate debt	0.4	-29.8	30.3
Fair value of financial instruments	-50.4	-106.1	55.7
Deferred taxes (excluding deferred taxes on non-core assets)	-233.7	-192.5	-41.2
EPRA NDV	**3,167.4**	**2,819.2**	**348.2**
Number of shares at period end	**148,141,452**	**132,547,616**	**15,593,836**
EPRA NRV/Share (in €)	26.1	27.0	-0.9
EPRA NTA/Share (in €)	23.6	24.1	-0.5
EPRA NDV/Share (in €)	21.4	21.3	0.1

The change in the EPRA NDV between 31 December 2020 and 31 December 2021 is as follows:



The change in the EPRA NDV per share between 31 December 2020 and 31 December 2021 is as follows:



NAV calculation method

NAV basis – Shareholders' equity

The entire real estate portfolio held by Covivio Hotels was valued at 31 December 2021 by real estate appraisers, most of whom are AFREXIM members, in compliance with common specifications prepared by the company in accordance with professional practices.

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

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

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

Adjustments made for the calculation of EPRA NAV

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

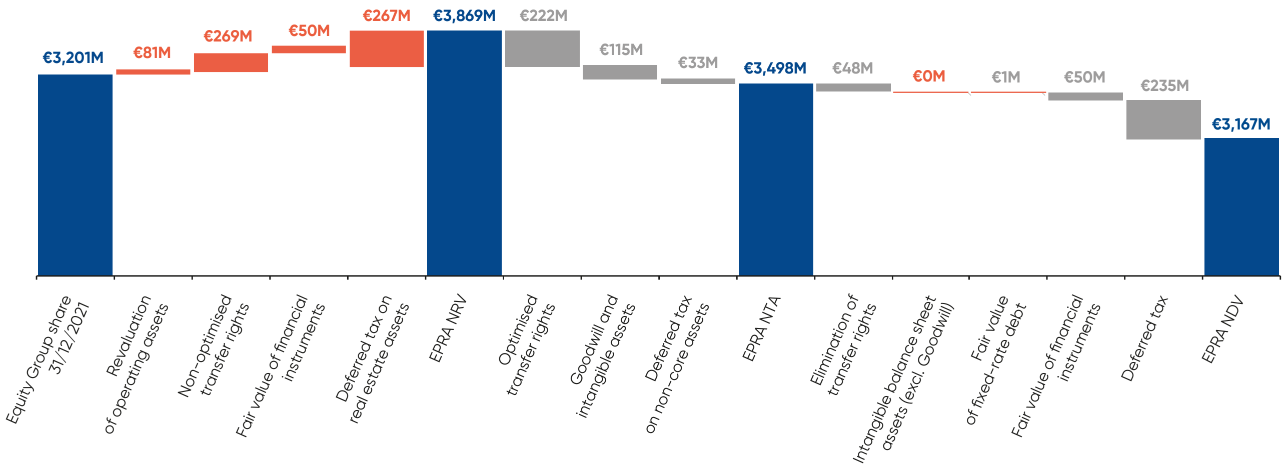
Definition of EPRA indicators

New indicators	Description
EPRA Net reinstatement Value **(EPRA NRV)**	• Replenishment NAV • Similar to the current EPRA NAV, plus transfer taxes

EPRA Net Tangible Assets
(EPRA NTA)
	• NRV NAV
	  • excluding transfer taxes, goodwill/intangible assets
	  • excluding deferred taxes on assets not intended to remain permanently on the balance sheet
	• Close to the current EPRA NAV

EPRA Net Disposal Value **(EPRA NDV)**	• Represents the value in the event of liquidation of the company • Triple Net NAV • excluding goodwill and optimisation of transfer taxes

Shareholders' equity, Group share - IFRS	€3,201M
Fair value of operating property assets net of deferred taxes	+€81M
Fair value of financial instruments	+€50M
Deferred tax (including IFRS adjustments)	+€267M
Non optimised transfer rights	+€269M
EPRA NRV	**€3,869M**
Deferred tax on non-core assets	-€33M
Goodwill and intangible balance sheet assets	-€115M
Optimised transfer rights	-€222M
EPRA NTA	**€3,498M**
Optimisation of the transfer rights	-€48M
Intangible balance sheet assets	+€0M
Fair value of fixed-rate debt net of deferred taxes	+€0M
Fair value of financial instruments	-€50M
Deferred tax	-€234M
EPRA NDV	**€3,167M**



1.5 Financial results

1.5.1 Consolidated financial statements at 31 December 2021

1.5.1.1 General principles

The consolidated financial statements have been prepared in accordance with the international accounting standards issued by the IASB (International Accounting Standards Board) and adopted by the European Union on the date of preparation.

These standards include the IFRS (International Financial Reporting Standards) and IAS (International Accounting Standards) and their interpretations.

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

1.5.1.2 Scope of consolidation

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

At 31 December 2021, the scope of consolidation comprised 172 companies, compared with 178 companies at 31 December 2020.

The scope and methods of consolidation are detailed in part 4.2 – Notes to the consolidated financial statements (see Section 4.2.3.5).

1.5.1.3 Consolidated income statement

The consolidated financial statements for the year ended 31 December 2021 show a net profit Group share of €50.3 million.

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

(€M)	2020	2021	Change
Net Rental Income	133.0	163.4	30.4
Managed hotel income	7.9	21.4	13.5
Operating income	81.9	139.4	57.5
Net valuation gains and losses	-327.6	-16.3	311.3
Income from disposals	-5.0	-24.1	-19.1
Operating income (loss)	-250.7	99.0	349.7
Net financial income/(charges)	-117.2	-4.1	113.0
Income (loss) of equity affiliates	-13.5	10.7	24.2
Taxes	46.3	-31.1	-77.4
Non-controlling interests	-2.3	-24.2	-21.9
NET INCOME GROUP SHARE	**-337.4**	**50.3**	**387.7**

1.5.1.4 Consolidated income statement - Group share

	Figures, Group share		
(€M)	2020	2021	Change
Net Rental Income	118.3	150.0	31.6
Managed hotel income	7.6	21.0	13.4
Operating income	69.4	127.5	58.1
Net valuation gains and losses	-319.3	-30.9	288.4
Income from disposals	-4.8	-24.2	-19.4
Operating income (loss)	-254.7	72.4	327.1
Net financial income/(charges)	-114.2	-2.6	111.6
Income (loss) of equity affiliates	-13.5	10.7	24.2
Taxes	45.0	-30.2	-75.3
NET INCOME GROUP SHARE	**-337.4**	**50.3**	**387.7**

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 6: 93.0%
- Rock portfolio (19 companies from the Operating Properties business): 94.9%
- LHM Propco: 90%
- MO First Five: 84.6%.

Covivio Hotels' net rental income, Group share, amounted to €150 million for the 2021 fiscal year, up by €32 million compared to the previous fiscal year, mainly due to the acquisition of the Roco portfolio (assets in Italy, the Czech Republic and Hungary) in September 2020 and the resumption of activity in the second half of 2021.

Income from valuation adjustments totalled -€30.9 million at 31 December 2021. This result shows a certain stability in values despite significant declines in the United Kingdom portfolio and an asset in Barcelona.

Net financial income of -€2.6 million consisted of interest expense for -€55.1 million, positive change in fair value of financial assets and liabilities for €68.7 million (compared with -€45.6 million in 2020), exceptional amortisation of additional expenses on loans for -€1.5 million (compared with -€0.2 million in 2020), interest expense on rental liabilities relating to long-term leases conferring ad rem rights (IFRS 16) on assets in the United Kingdom, Spain and Italy for -€14 million and exchange rate effects of -€0.7 million *versus* a €0.3 million in 2020.

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

	31/12/2020	31/12/2021
Net income Group share	**-337.4**	**50.3**
Change in asset values	319.3	30.9
Income from disposal	1.2	0.6
Change in scope	3.6	23.6
Changes in the value of financial instruments	45.6	-68.7
Interest charges on rental liabilities	9.1	9.6
Rental charges	-6.4	-6.6
Deferred tax	-57.6	25.6
Taxes on disposals	8.8	0.0
Depreciation of properties managed as Operating Properties	35.1	37.0
Fees and amortisation of loan costs for early repayment	0.4	2.0
EPRA Earnings adjustments for associates	17.0	-5.2
EPRA EARNINGS	**38.8**	**99.0**
EPRA EARNINGS IN €/SHARE	**0.30**	**0.70**

1.5.1.6 Balance sheet

1.5.1.6.1 Simplified consolidated balance sheet

(€M)

Assets	2020	2021	Liabilities	2020	2021
Fixed Assets	6,234	6,131	Shareholders' equity Group share	2,937	3,201
Investments in equity affiliates	187	196	Minority Interest	181	197
Financial assets	**67**	**67**	**Shareholders' equity**	**3,118**	**3,399**
Deferred tax assets	30	18	Borrowings	2,910	2,679
Financial instruments	40	25	Rental liability	242	276
Assets held for sale	51	155	Financial instruments	146	75
Cash	102	145	Deferred liabilities	238	254
Others	94	120	Others	152	173
TOTAL	**6,806**	**6,856**		**6,806**	**6,856**

1.5.1.6.2 Simplified balance sheet (Group share)

(€M)

Assets	2020	2021	Liabilities	2020	2021
Fixed Assets	5,910	5,854			
Investments in equity affiliates	187	196			
Financial assets	87	86	**Shareholders' equity**	**2,937**	3,201
Deferred tax assets	29	17	Borrowings	2,780	2,550
Financial instruments	40	25	Financial instruments	144	74
Assets held for sale	51	93	Rental liability	242	276
Cash	90	133	Deferred liabilities	235	251
Others	93	120	Others	150	171
TOTAL	**6,488**	**6,523**		**6,488**	**6,523**

1.5.1.6.3 Comments (Group share)

The balance sheet total at 31 December 2021 was €6,523 million compared to €6,488 million at the end of 2020 (+€35 million).

Fixed assets and assets held for sale amounted to €5,947 million at the end of 2021, compared with €5,961 million at the end of 2020 (-€14 million). The main changes in this item are as follows:

- the change in asset value (-€16.3 million)
- the impact of the exchange difference on the United Kingdom portfolio (+€55.2 million)
- the increase in right-of-use assets related to the application of IFRS 16 on a hotel in Italy (+€23 million)
- the works carried out in 2021 totalling +€51 million, of which €18.2 million related to assets under development
- the sale of 14 garden centres, 7 Courtepaille restaurants and an Ibis hotel in Aubervilliers (-€69.4 million)
- the depreciation of hotels under operation (-€41.3 million)
- the impairment of goodwill on three operated hotels for -€17.8 million following impairment tests carried out at 31 December 2021.

Assets held for sale amounted to €93 million at the end of 2021 and concern the sale commitments of a Club Med in Samoëns, 1 hotel in Spain, an ACCOR hotel in Switzerland and 5 Courtepaille restaurants.

Investments in equity affiliates increased by €9 million at the end of 2021 mainly due to the increase in appraisal values and variable rents in connection with the resumption of activity in the second half of the year.

Shareholders' equity, Group share rose from €2,937 million at 31 December 2020 to €3,201 million at 31 December 2021. This €265 million increase is due primarily to the following effects:

- the capital increase of €248 million net of fees of 14 June 2021 to refinance the debt
- total comprehensive income for the period of €50 million

  the change in the translation reserve for €0.6 million
- the payment of the dividend in the amount of -€34.5 million.

Short-term and long-term borrowing stood at €2,550 million at the end of 2021, compared with €2,780 million at the end of 2020. This decrease of -€230 million is mainly due to the repayment of the Verdi bond debt (-€187 million), the repayment of the ROCO acquisition bridge (-€175 million), and repayments of other bank debts (-€156 million), repayment of credit lines (-€251 million) reduced by the issuance of a bond in July and October for €599 million.

The rental liabilities (€276 million) increased by €34 million. They concern the debt discounted on right-of-use assets related to the application of IFRS 16 from 1 January 2019. These rights mainly concern long-term leases for assets in the United Kingdom, Spain and Italy.

Deferred taxes increased by €29.9 million (net) over the year, mainly due to the cancellation of DTAs on deficits on the Operating Properties portfolio (-€10 million) and on DTA writebacks and rates change on the UK portfolio (-€9.1 million).

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

1.5.1.7 Consolidated cash flows

(€M)	2020	2021
Net cash generated by the business	80.6	158.4
Net cash flow from investment/disposal activities	47.7	-3.0
Net cash flow from financing activities	-184.3	-100.5
CHANGE IN NET CASH	**-56.6**	**55.0**

Net cash flow generated by operations was +€158 million in 2021,

basically operating income (€139.4 million).

Net cash flow from investment activities/disposals of -€3 million mainly breaks down as follows:

- asset disposals (+€69.2 million net of fees)
- disbursements related to works during the period (-€51 million), including €18 million for the Nice Plaza hotel
- the extension of the duration of the right of use on a hotel in Italy (-€23 million).
- Net cash flow from financing operations of -€100 million mainly breaks down as follows:
- the capital increase of 6 June 2021 (+€248 million)
- the issuance of a bond in July and November for +€596 million net
- net loans and interest paid for -€958.2 million
- dividends of -€34.5 million, paid during the fiscal year
- the increase in rental liabilities (+€30.4 million).

Net cash flow stands at €55 million.

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

1.5.1.8 Debt structure

At 31 December 2021, net financial debt, Group share stood at €2,417 million (€2,533.9 million on a consolidated basis).

As a Group share, and restated for assets under a preliminary sale agreement, net financial debt represents 37.1% [(1)] of total assets revalued at institutional value, including duties (*versus* 41.9% in 2020).

The bank covenants relating to the financial statements, calculated on a consolidated and Group share basis, are set out in Section 4.2.5.12.7 of the Notes to the consolidated financial statements.

Features of the debt

The average interest rate on debt for the year, calculated at face value, was 1.94%, compared with 1.99% at 31 December 2020.

Debt maturity

The average debt maturity is 4.9 years.

Hedging

At 31 December 2021, the average active hedging rate was 81.1%. Hedging consists of:

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

In view of the transactions carried out in 2021 and to increase the average hedging term, the hedging profile has been adjusted by an equalisation payment for €8.1 million.

The net valuation of hedging instruments was -€49.6 million at 31 December 2021. The change in the value of hedging instruments over the period impacts the income statement for €68.7 million, Group share and shareholders' equity for -€21.9 million, due to exchange differences affecting the Cross Currency Swap to GBP.

(1) At 31 December 2021, the amount of assets under sale agreements was €92.7 million. After restating the sale agreements, net financial debt amounted to €2,315.2 million, the institutional value, excluding duties, was €5,967.5 million, and the amount of duties was €269.1 million.

1.5.2 Individual financial statements at 31 December 2021

The 2021 financial statements mainly reflected:

- the impact of Covid-19:
  - the continuation of the pandemic in France, where Covivio Hotels has variable-income hotels (rents vary based on the revenues generated by the operator), impacted the Company's revenues due to the decrease in hotel occupancy. However, the second half of the year was marked by a gradual recovery in activity

At the end of 2021, the Company's variable revenues represented 57% of its revenues. A 10% decrease in Accor rents leads to a €1,536 thousand decrease and a 20% decrease in Accor rent leads to a €3,073 thousand decrease.

As of 31 December 2021, 43 hotels in the Accor portfolio are currently open

- Equity investments rose sharply (+€107 million). This increase is mainly due to the increase in the value of the equity securities in MurdeLux (+€82 million) following the UTA transaction of Foncière Ulysse with exchange of MurdeLux shares and the conversion of the loan granted by Covivio Hotels with €50 million in capital
- work/disposals:
  - works totalled €2.5 million in 2021
  - There were several disposals, including 14 properties in the Jardiland portfolio and 7 in the Courtepaille portfolio for €47.1 million and €7.9 million respectively. At the same time, we note the scrapping following the replacement of certain components for a total amount of €1.88 million.
- capital increase:
  - the General Meeting held on 8 April 2021 decided to pay a dividend of €35 million. The Manager's minutes of 14 June 2021 decided to issue 15,593,836 new shares at €16 each, *i.e.* a gross amount of €249.5 million, of which €62.37 million in par value and €187.13 million in issue premium. It was also decided to allocate €6.24 million to the legal reserve by deducting from this same premium. 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 2021 amounted to €1,449 thousand.
- financing/refinancing:
  - the company repaid a bond issue for €187 million and the Roco Bridge debts in the first half of the year for €175 million. In the second half of the year, the Company refinanced the existing debt by issuing a bond of €599 million allowing the repayment of part of the debt for a new one under more advantageous conditions in terms of cost and term.

The 2021 financial statements show a profit of €30.0 million, compared with €168.2 million in 2020.

1.5.2.1 Change in the main income statement items

The main components of the 2021 and 2020 comparative income statements are as follows:

(€M)	2021	2020	Change
Revenues	**47.2**	**46.7**	**0.6**
Reversals of provisions and transferred charges, other operating income	5.4	2.8	2.6
Operating expenses	-43.7	-50.0	6.3
Operating income	**8.9**	**-0.5**	**9.4**
Financial income	119.9	224.6	-104.7
Financial expenses	-109.0	-109.5	0.5
Net financial income/(charges)	**10.9**	**115.1**	**-104.2**
Income from operations	**19.8**	**114.6**	**-94.8**
Net non-recurring income	**9.9**	**53.6**	**-43.7**
CIT	0.3	0.0	0.3
NET INCOME OR LOSS	**30.0**	**168.2**	**-138.2**

Revenues stood at €47.2 million at 31 December 2021, up 1.13% from 2020.

(€M)	2021	2020	Change
Hotel rental income	5.9	11.9	-6.0
Retail premises rental income	-1.1	0.0	-1.1
Rent-free periods	-0.2	1.9	-2.0
Spreading of rent-free periods	20.3	19.0	1.3
Rental rebates, discounts and other credits	0.0	0.0	0.0
Rental income	**25.0**	**32.8**	**-7.8**
Re-involving of expenses to tenants	5.8	5.6	0.2
Provision of services	14.5	13.4	1.1
TOTAL	**45.3**	**51.8**	**-6.5**

The slight decrease (€0.8 million) in rental income is mainly due to disposals of retail outlets (-€6 million), and a rent waiver on retail outlets (-€1.1 million), mitigated by the increase in variable rents (+€6.3 million)

Revenue from services increased slightly compared to the previous fiscal year, which can be explained by the gradual recovery of activity in 2021.

Reversal of provisions and transferred expenses in the amount of €5.4 million correspond mainly to the transfer of expenses for €2.4 million and reversals of impairment on tangible fixed assets and clients for €2 million and €1 million respectively.

Operating expenses, which total €43.7 million, primarily include the following:

- other purchases and external expenses for €13 million, of which:
  - €6 million in fees paid to Covivio and Covivio Hotels Gestion
  - €2 million in legal fees
  - €2.4 million in loan issue costs
  - €1.6 million in administrative expenses
  - €0.3 million in construction lease payments
  - €0.5 million in fees paid in connection with Property Management services
  - €0.2 million in insurance premiums
- duties and taxes totalling €5.4 million, including €4.4 million in Property Management taxes to be reinvoiced
- personnel expenses for €3.9 million
- depreciation, amortisation and provisions totalling €20 million
- other expenses for €1.3 million, including €1.2 million with Covivio Hotels Gestion.

Net financial income of €10.9 million consists of:

- financial income totalling €119.9 million, of which:
  - €56.6 million in dividends from subsidiaries and equity investments
  - €41.6 million in interest on loans granted to subsidiaries
  - €13.8 million in income from swaps and options
  - €6.5 million in reversal of provisions for impairment of securities
  - €0.6 million in interest on Group current accounts
  - €0.6 million reversal of provisions for foreign exchange losses
  - €0.3 million in foreign exchange gains
- financial expenses for €109 million, of which:
  - €55.5 million in interest on borrowings
  - €32.9 million in provisions for equity investments
  - €11.5 million in financial expenses on hedging instruments (including equalisation payments relating to the renegotiation of hedges for €9.7 million)
  - €0.8 million in interest on Group current accounts
  - €0.3 million in bank interest
  - €0.4 million addition to the bond redemption premium.

The exceptional income of €9.9 million is mainly due to asset retirements, *i.e.* capital gains and losses on the disposal of fixed assets.

1.5.2.2 Changes in the main balance sheet items

(€M)	31/12/2021	31/12/2020
Non-current assets	4,275.7	4,329.5
Current assets	240.3	109.6
Deferred expenses	10.4	12.3
Bond redemption premium	3.3	1.0
Currency translation gains	24.3	7.6
TOTAL ASSETS	**4,554.1**	**4,460.0**
Shareholders' equity	2,540.2	2,296.2
Provisions for liabilities and charges	8.0	1.1
Current liabilities	1,988.7	2,153.2
Currency translation losses	17.2	9.5
TOTAL LIABILITIES	**4,554.1**	**4,460.0**

Fixed assets went from €4,329.5 million at 31 December 2020 to €4,275.7 million at 31 December 2021, a fall of €53.8 million. This decrease is mainly due to the disposal of assets for -€43 million, depreciation and amortisation for -€13.6 million, allowances for asset impairment for -€1.9 million, provisions for impairment of equity investments for -€32.9 million, loan repayments for -€81 million, the disposal of securities following UTA for -€5 million; offset by the completion of work on hotels for €2.5 million, reversals for impairment of equity securities for €6.6 million, and the increase in shares through majority offsetting (UTA and loan) for €112 million.

Current assets stood at €240.3 million at 31 December 2021, compared with €109.6 million at 31 December 2020. This change of €130.6 million is mainly due to the increase in current account receivables of €89 million and the increase in cash and cash equivalents of €42.8 million.

The currency translation gains mainly concern the unrealised loss on the £400 million bank loan valued at the closing rate on 31 December 2021 for €23 million.

Shareholders' equity, before distribution, was €2,540.2 million at 31 December 2021, *versus* €2,296.1 million at 31 December 2020. This change is mainly due to the capital increase decided on 7 April 2021 for €249.5 million (see point 1.5.2). The change is also due to net income for the year (+€30 million) and distribution of the 2020 dividend (-€35 million).

Borrowings amounted to €1,988.7 million at 31 December 2021 (compared with €2,153.3 million at 31 December 2020), of which €1,156 million in bonds and €748.6 million in loans and debts with credit institutions, €75.3 million in current accounts with subsidiaries, €4.9 million in trade payables and related accounts and €3 million in tax and social security debts. The currency translation losses mainly concern the unrealised gain on the £295.3 million intragroup loan valued at the closing rate on 31 December 2021 for €16.5 million.

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 Breakdown of trade payables by maturity 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 terms of this communication in the management report were transferred, with constant law, to Article D. 441-6 of the same code on 27 February 2021.

	Article D. 441 I.-1: Invoices received and due but not yet paid on the closing date of the fiscal year						Article D. 441 I.-2: Invoices issued and due but not yet paid on the closing date of the fiscal year					
(€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	14					153	123					1,495
Total amount of invoices concerned incl. Tax*	**363**	**182**				**182**	**239**	**988**		**24**	**6,109**	**7,120**
Percentage of the total amount of purchases including tax during the fiscal year	1.94%	0.98%			0%	0.98%						
Percentage of revenues including tax during the fiscal year							0.42%	1.74%		0.04%	10.78%	12.57%
(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 7 April 2022 to allocate income for the period of €29,962,540.36, plus retained earnings of €166,597,467.25, as follows:

- payment of the preferential dividend of €500,000 to the limited partner in respect of the fiscal year
- the payment of €96,291,943.80 in dividend to shareholders
- €99,768,063.81 to the retained earnings account.

Each share will thus receive a dividend of €0.65.

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

The dividend will be paid on 14 April 2022.

Based on the total number of shares that made up the share capital at 31 December 2021, *i.e.* 148,141,452 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 €96,291,943.80 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, 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 €45,716,635. The dividend drawn against profits subject to corporate income tax amounts to €50,575,308.80.

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
2020	132,547,616	€0.26	€0	€0.26
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)

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 2017	Fiscal year 2018	Fiscal year 2019	Fiscal year 2020	Fiscal year 2021
I – Share capital at the end of the financial year					
a. Share capital	351,264,348	472,231,544	484,146,532	530,190,464	592,565,808
b. Number of ordinary shares outstanding	87,816,087	118,057,886	121,036,633	132,547,616	148,141,452
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	84,929,670	75,832,603	76,038,319	46,650,708	47,203,736
b. Income before tax, employee profit sharing, depreciation, amortisation and provisions	93,045,651	242,443,368	256,496,393	182,382,551	81,875,739
c. Income tax	-1,249,711	0	0	0	265,510
d. Employee profit sharing due for the year	0	0	45,920	0	0
e. Income after tax, employee profit sharing, depreciation, amortisation and provisions	79,582,706	218,201,881	184,274,609	168,212,028	29,962,540
f. Distributed income	164,690,752	182,989,723	187,606,781	34,462,380	96,291,944
III – Earnings per share					
a. Income after tax and employee profit sharing, but before depreciation, amortisation and provisions	1.07	2.05	2.12	1.38	0.55
b. Income after tax, employee profit sharing, depreciation, amortisation and provisions	0.91	1.85	1.52	1.27	0.20
c. Dividend per share	1.55	1.55	1.55	0.26	0.65*
IV –Staff					
a. Average salaried headcount over the fiscal year	17.75	21.42	21.25	22.83	19.67
b. Total payroll for the fiscal year	1,928,840	2,390,769	2,641,301	2,432,920	1,980,480
c. Amount paid in employee benefits for the fiscal year (social security, company welfare facilities, etc.)	953,361	2,722,681	3,093,622	2,092,055	1,924,612

* Proposed to the Combined General Meeting of 7 April 2022.

1.5.2.7 Statutory Auditors' Control

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 Shareholder structure at 31 December 2021

Built around a strategy of long-term ownership of specialised assets in the hotel and retail sectors, operated by their respective market leaders, the shareholder 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.

1.6.1 Information on share capital

At 1 January 2021, the company's equity stood at €530,190,464. It was made up of 132,547,616 shares with a par value of €4 each.

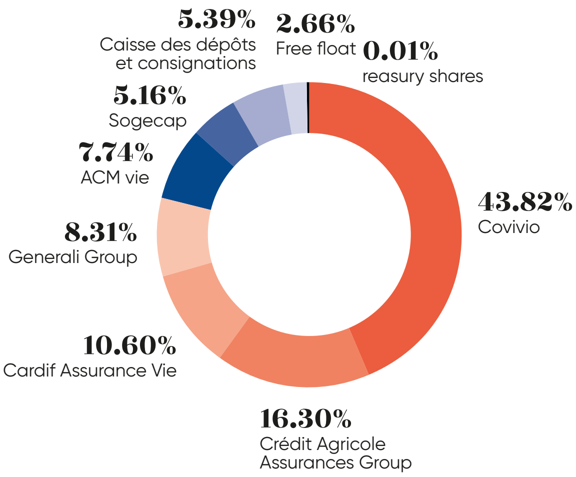
Following the final completion of the capital increase on 14 June 2021, 15,593,836 shares issued at a price of €16 per share, including a par value of €4, were subscribed and fully paid up.

The share capital of the company was thus increased by €62,375,344 by issuing 15,593,836 new shares with a par value of €4 each.

Consequently, at the end of the financial year on 31 December 2021, the company's equity amounted to €592,565,808. It was made up of 148,141,452 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 shareholder structure at 31 December 2021 was as follows:



Name of shareholders	Number of shares/ Voting rights	Percentage
Covivio	64,921,557	43.82%
Crédit Agricole Assurances Group	24,149,054	16.30%
Cardif Assurance Vie	15,701,102	10.60%
Groupe Generali	12,316,445	8.31%
ACM Vie	11,473,544	7.74%
Sogecap	7,639,782	5.16%
Caisse des Dépôts et Consignations	7,985,188	5.39%
Free float	3,945,964	2.66%
Treasury shares	8,816	0.01%
TOTAL	**148,141,452**	**100%**

1.6.2 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:

	31/12/2021			31/12/2020			31/12/2019		
	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	64,921,557	43.82	43.83	57,601,139	43.46%	43.46%	52,307,218	43.22	43.22
Crédit Agricole Assurances Group	24,149,054	16.30	16.30	21,607,052	16.30	16.30	19,706,321	16.28	16.28
Groupe Generali	12,316,445	8.31	8.31	11,019,979	8.31	8.31	10,050,573	8.30	8.30
Cardif Assurance Vie	15,701,102	10.60	10.60	14,048,356	10.60	10.60	12,812,548	10.59	10.59
ACM Vie	11,473,544	7.74	7.75	10,265,804	7.74	7.74	9,362,740	7.74	7.74
Sogecap	7,639,782	5.16	5.16	6,835,596	5.16	5.16	6,234,282	5.15	5.15
Caisse des Dépôts et Consignations	7,985,188	5.39	5.39	7,144,642	5.39	5.39	6,516,141	5.38	5.38
Free float	3,945,964	2.66	2.66	4,012,357	3.03	3.03	4,043,761	3.34	3.34
Treasury shares	8,816	0.01	0	12,691	0.01	0	3,049	–	0
TOTAL	**148,141,452**	**100**	**100**	**132,547,616**	**100**	**99.99**	**121,036,633**	**100**	**100**

1.6.3 Threshold crossing disclosures and declarations of intent

Threshold crossing disclosures

Nil.

Declarations of intent

Nil.

1.6.4 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 subscription right	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
14 June 2021	Capital increase with preferential subscription right	15,593,836	62,375,344	187,126,032		/	148,141,452	592,565,808

1.6.5 Information on cross-shareholding and share buyback programme

The Combined General Meeting of 8 April 2021 authorised the company, pursuant to Article L. 22-10-62 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 €35 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 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 7 May 2020, which resulted in 8,050 treasury shares being held by the company at 8 April 2021 under the liquidity agreement.

The General Meeting has conferred all powers on the 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 Manager dated 8 April 2021.

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 8 April 2021.

The monthly trading volumes for the **2021 fiscal year** are as follows:

	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 (€)
January	6,065	16.1564	6,155	16.3223
February	6,677	15.8733	9,010	16.0308
March	6,102	17.6956	7,779	17.8517
From 1 to 7 April	356	17.6934	977	17.9226

	Purchase		Sale	
Share buyback programme authorised by the GM of 8 April 2021	Number of shares	Average price per share (€)	Number of shares	Average price per share (€)
From 8 to 30 April	2,531	17.7004	2,391	17.8869
May	1,681	17.3431	1,758	17.4682
June	4,083	16.7821	4,773	16.9134
July	5,810	16.3961	3,644	16.5085
August	2,660	16.3022	2,869	16.3587
September	3,856	15.9474	4,337	16.1074
October	4,992	15.4049	3,407	15.5906
November	2,638	16.0896	3,275	16.1991
December	2,527	16.1830	3,478	16.2684

The Manager decided on 18 May 2021, as part of the Company's capital increase with preferential subscription rights for shareholders, to suspend the liquidity agreement entered into with Natixis from 19 May 2021 and until the closing date of the subscription period for the new shares, *i.e.* until 7 June 2021.

Accordingly, in the 2021 fiscal year, the company proceeded under the liquidity agreement to purchase 49,978 of its own shares at an average price of €16.4093 per share, and to dispose of 53,853 of its own shares at an average price of €16.6370 per share.

No cancellation of shares took place during the year.

At 31 December 2021, Covivio Hotels thus held 8,816 of its own shares representing 0.010% of the share capital, valued at €154,720.80 at 31 December 2021, on the basis of the purchase price (*i.e.* €17.55 per share) and equivalent to a par value of €35,264.

The transaction costs during the fiscal year 2021 were €13,750 excluding tax.

As the authorisation that was granted by the General Meeting on 8 April 2021 was for a period of 18 months, a new share buyback programme will be submitted to the Combined General Meeting on 7 April 2022.

1.6.6 Options for the subscription or purchase of treasury shares

Nil.

1.6.7 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 2021
Mr Kullmann	264 shares*	16	/	/	2,779
Mr Estève	/	/	/	/	842
Ms Aasqui	/	/	/	/	6
Covivio Participations	/	/	/	/	1
Ms Lelong-Chaussier	/	/	/	/	0
Covivio	7,040,918 shares* 279,500 shares	16 16.0957		/	64,921,557 (1)
Ms Goudallier	/	/	/	/	0
Fonciere Margaux	/	/	/	/	1
Ms Seegmuller	/	/	/	/	0
Predica	2,238,570 shares*	16	/	/	21,266,435
Mr Chabas	/	/	/	/	0
Spirica	100,688 shares*	16	/	/	956,538
Pacifica	202,744 shares*	16			1,926,081
ACM Vie	1,207,740 shares*	16	/	/	11,473,544
Mr Morrisson	/	/	/	/	0
Generali Vie	1,142,616 shares*	16	/	/	10,854,860
Mr Pezet	/	/	/	/	0
Generali IARD	128,174 shares*	16	/	/	1,217,663
Cardif Assurance Vie	1,652,746 shares*	16	/	/	15,701,102
Ms Robin	/	/	/	/	0
Sogecap	804,186 shares*	16	/	/	7,639,782
Mr Briand	/	/	/	/	0
Caisse des Dépôts et Consignations	840,546 shares*	16	/	/	7,985,188
Mr Taverne	/	/	/	/	0
Ms Saitta	/	/	/	/	10

* Subscription to the Company's capital increase carried out on 14 June 2021.

(1) Covivio purchased 10,286 shares in January and consequently held 64,931,843 shares of the Company as of 12 January 2022.

1.7 Stock market and dividend

1.7.1 Share price at 31 December 2021

The closing share price for the fiscal year was €17.6, bringing the market capitalisation to €2,600 million at 31 December 2021.

Performance of the share price of Covivio Hotels in 2021

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 2021:

	Low	High	No. of shares traded	Number of trading sessions
January 2021	13.6	16.9	99,036	20
February 2021	14.0	17.1	125,118	20
March 2021	15.9	17.9	122,241	23
April 2021	16.3	17.6	66,209	20
May 2021	16.2	17.9	77,120	21
June 2021	15.9	17.3	176,366	22
July 2021	15.9	16.9	74,669	22
August 2021	15.8	16.7	59,848	22
September 2021	15.0	16.5	61,763	22
October 2021	14.9	16.3	62,341	21
November 2021	15.2	16.7	103,605	22
December 2021	15.7	17.6	111,899	23

1.7.2 Dividend distribution

1.7.2.1 Dividends distributed over the last five 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
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
2021	148,141,452	€0.65*	€0 or €0.3414 if the income tax scale option is chosen	€0.65 or €0.3086 if the income tax scale option is chosen

* Dividend proposed to the Combined General Meeting of 07/04/2022.

In accordance with Article 208 C II of the French 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.

1.7.2.2 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 7 April 2022 will accordingly be asked to approve a dividend payment of €0.65 per outstanding share. This dividend represents a total amount of €96,291,943.80, or 97% of EPRA Earnings.

The dividend should be reconciled to:

- EPRA Earnings of €99 million
- EPRA Earnings of €0.70 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%.

1.7.3 Shares held by corporate officers

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

	Number of Covivio shares held	
	2021	2020
Christophe Kullmann	146,212 **	131,389*
Olivier Estève	86,770	79,083

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

** Fully-owned shares to which may be added 12,000 shares beneficially owned resulting from a bare ownership transfer.

1.8 Information about the company and its investments

1.8.1 Group organisation

Covivio Hotels holds direct and indirect investments in 178 companies in France and abroad.

The companies SNC Foncière Otello, SNC René Clair and Société Civile Immobilière Ruhl Côte d'Azur 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.

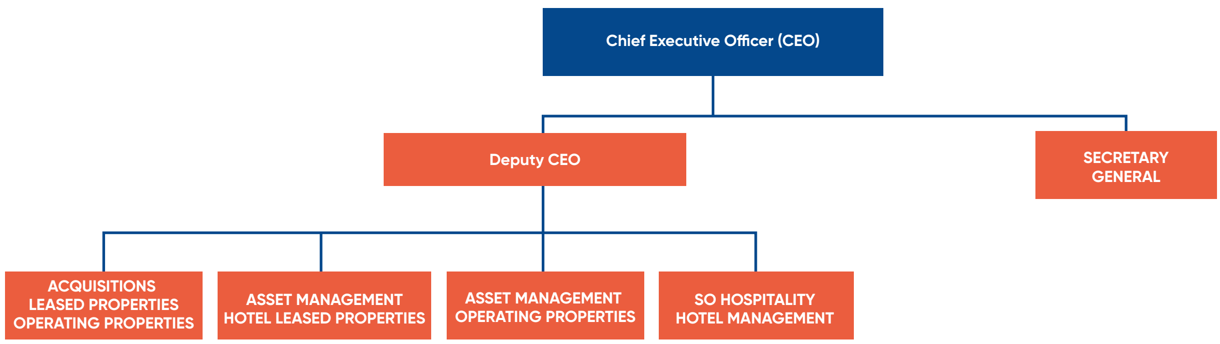
Covivio Hotels holds:

- 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.).



1.8.2 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:

none

1.8.3 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 4.5 Notes to the company financial statements (Section 4.5.6.5).

1.8.4 Research and development activities of the company and its subsidiaries

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

1.8.5 Significant events since the end of the financial year

Nil.

1.8.6 Trend information

At the beginning of 2022, the European hotel activity remains impacted by the consequences of the restrictions, particularly in Germany, but the forecast reservations for the spring and summer should lead to a gradual recovery in hotel activity, such as the one observed in 2021. Covivio Hotels will then be able to count 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.

1.8.7 Related-party transactions

Information relating to related parties and affiliates is presented in Section 4.5 – Notes to the company financial statements (see Sections 4.5.6.4 and 4.5.6.5).

1.8.8 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.

1.9 Supplementary report by the Manager to the Combined General Meeting of 7 April 2022

Ladies and Gentlemen,

We have convened a Combined General Meeting for the purpose of submitting 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 15 are resolutions for the Ordinary General Meeting.

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

Draft **Resolutions 1 and 2** concern the approval of the corporate and consolidated financial statements for the fiscal year ended 31 December 2021, approved by the Manager on 16 February 2022, 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 2021 fiscal year in the amount of €29,962,540.36 and to authorise a dividend of €0.65 per share.

The dividend for fiscal year 2021 would be detached from the share on Tuesday, 12 April 2022 and would be paid on 14 April 2022.

Based on the total number of shares outstanding at 31 December 2021, *i.e.* 148,141,452 shares, a total dividend of €96,291,943.80 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)

Resolution 4 is intended to approve (i) the Statutory Auditors' special report on the agreements referred to in Article L. 226-10 of the French Commercial Code, as well as (ii) related-party agreements entered into or performed by the Company during the fiscal year ended 31 December 2021. For more information, please refer to the Statutory Auditors' special report on related-party agreements in Part 4 of the Universal Registration Document.

No related-party agreement was entered into during the fiscal year ended on 31 December 2021.

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 Manager proposes that you vote on Resolutions 5 and 6 to approve the corporate officer remuneration policy applicable to the Manager (Resolution 5) and to members of the Supervisory Board (Resolution 6) in relation to their terms of office in the 2022 fiscal year.

Covivio Hotels' corporate officer remuneration policy is described in the Supervisory Board's report on corporate governance in Section 5.2.4.1 of the Universal Registration Document.

The Manager's remuneration policy for 2022 was approved by the limited partner, after receiving the favourable advisory opinion of the Supervisory Board at its meeting of 18 February 2022.

The remuneration policy for Supervisory Board members was approved by the Supervisory Board on 18 February 2022.

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. Approval of the information mentioned in Article L. 22-10-9 I. of the French Commercial Code relating to all remuneration of corporate officers for the fiscal year ended 31 December 2021 (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 5.2.4.2 of the Universal Registration Document.

5. Approval of the components of individual remuneration paid and/or allocated to executive corporate officers of the company for the fiscal year ended 31 December 2021 (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 2021 or allocated for the same year to executive corporate officers.

The components of remuneration pertain to the 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 2021 or allocated for that year.

These components are described in the Supervisory Board's report on corporate governance in Sections 5.2.4.3.1 and 5.2.4.3.2 of the Universal Registration Document.

6. Renewal of the terms of office of members of the Supervisory Board (Resolutions 10 to 13)

Offices held as members of the Supervisory Board of Covivio (Resolution 10), Predica (Resolution 11), Cardif Assurance Vie (Resolution 12), and Generali Vie (Resolution 13), expiring at the end of the Combined General Meeting of 7 April 2022, you will be invited, under Resolutions 10 to 13, to reappoint them for a period of three years expiring at the end of the General Meeting called in 2025 to approve the financial statements for the fiscal year ended 31 December 2024.

Subject to the approval of said resolutions:

- Covivio will continue to be represented on the Supervisory Board by Laurie Goudallier, who will continue to provide the Supervisory Board with her knowledge of the Group and her expertise in digital matters
- Predica will continue to be represented on the Supervisory Board by Emmanuel Chabas, who will continue to provide the Company with his real estate, strategic and financial expertise
- Cardif Assurance Vie will continue to be represented on the Supervisory Board by Nathalie Robin. She will continue to make an active contribution to the work of the Supervisory Board, in particular through her real estate and financial expertise and her experience in listed companies
- Generali Vie will continue to be represented on the Supervisory Board by Sébastien Pezet. He will continue to provide the Company with his real estate and financial expertise as well as his European experience

If Resolutions 10 to 13 are approved by the General Meeting, the proportion of independent Supervisory Board members will be maintained at 23% and the percentage of women would be maintained at 46%.

A brief biography, a list of all appointments and positions held over the last five fiscal years, their attendance rates and the number of shares held can be found in Section 5.2.2.1.3 of the Supervisory Board's report on corporate governance.

7. Renewal the position of Statutory Auditor of MAZARS (Resolution 14)

Under the Resolution 14, you are asked to reappoint, as Statutory Auditor, MAZARS, whose term of office expires at the end of the Combined General Meeting of 7 April 2022. You are asked to renew this term of office for a period of six fiscal years, expiring at the end of the General Shareholders' Meeting called in 2028 to approve the financial statements for the fiscal year ending 31 December 2027.

8. Authorisation to the Manager for the company to purchase its own shares (Resolution 15)

In Resolution 15, 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 18
- 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 French Financial Markets Authority 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 French Financial Markets Authority General Regulation will be published on the Covivio Hotels website.

This authorisation would be given to the Manager for a period of 18 months with effect from the date of the General Meeting of 7 April 2022 and would immediately terminate, for the unused portion, the authorisation given by the Combined General Meeting of 8 April 2021.

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 Manager and to authorise your 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 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 Manager the following financial authorisations:

- Resolution 17: capital increase through the incorporation of reserves, profits or premiums
- Resolution 19: issuance of shares and/or securities granting access to company's equity, maintaining shareholders' preferential subscription right
- Resolution 20: issuance of shares and/or securities granting access to company's equity, through public offering, with waiver of shareholders' preferential subscription right and a mandatory priority period for share issues
- Resolution 22: issue of shares and/or securities giving access to the Company's share capital, with a view to remunerating contributions in kind granted to the Company and consisting of equity securities or securities giving access to the share capital
- Resolution 23: 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 subscription right
- Resolution 24: capital increases reserved for employees of the company covered by a savings plan, with waiver of shareholders' preferential subscription right.

You will also be asked:

- Resolution 18, to authorise the Manager to reduce the share capital of the company by cancelling shares purchased under share buyback programmes adopted by the company
- Resolution 21, to authorise the Manager, in the event of a capital increase with or without waiver of shareholders' preferential subscription right, to increase the number of securities to be issued in case of over-subscription.

In proposing that you grant these authorisations, the 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 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 Article 8 (Form and transfer of shares) of the Company's Articles of Association (Resolution 16)

By voting on Resolution 16, we propose the modification of:

- Article 8 of the Company's Articles of Association in order to update it with the new provisions of Article L. 228-2 of the French Commercial Code as amended by Law No. 2021-1308 of 8 October 2021 on various adaptation provisions European Union law in the field of transport, the environment, the economy and finance, known as the DDADUE II law. This amendment to the Articles of Association makes it possible to use an intermediary appointed by the Company to identify the owners of bearer shares.

2. Delegation of authority to be granted to the Manager to increase the share capital of the company through the capitalisation of reserves, earnings or premiums (Resolution 17)

Under **Resolution 17**, you will be called upon to decide on the authorisation to be granted to the 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 26 months, would allow the Manager to decide whether to proceed with one or more capital increases, subject to a maximum nominal amount of fifty-nine million euros (€59,000,000) (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 19 to 24.**

This delegation would terminate, with immediate effect, for the unused portion, the delegation granted by the Combined General Meeting of 8 April 2021.

3. Authorisation to the Manager to reduce the company's share capital through the cancellation of shares (Resolution 18)

Concurrently with the authorisation given to the company to conduct transactions in its own shares under **Resolution 15**, it is proposed in **Resolution 18** that you authorise the Manager, which may further delegate such authority, to cancel the shares acquired by the company under the share buyback programme presented in **Resolution 15**, 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 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 8 April 2021.

4. Delegation of authority to the Manager to issue shares and/or securities giving access to the company's equity, maintaining the shareholders' preferential subscription right (Resolution 19)

In **Resolution 19**, it is proposed that you delegate to the Manager, which may further delegate such authority, powers to issue treasury shares 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 subscription right.

The 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 from capital increases that may be carried out immediately and/or in the future would be set at two hundred and ninety-six million euros (€296,000,000) representing approximately 50% of the share capital. This amount would be set independently and separately from the capital increase caps resulting from share and/or security issues approved under **Resolutions 17 and 20 to 24**.

The nominal amount of the debt securities giving access to the Company's share capital, immediately and/or in the future, that may be issued may not exceed a total amount of one billion euros (€1,000,000,000). This amount would also constitute an overall nominal ceiling for debt securities issues carried out pursuant to this delegation and **Resolutions 20 to 23**, an overall ceiling for all issues of debt securities.

The issue price of the securities granting access to company's equity would be determined by the 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 7 April 2022 and would immediately terminate, for the unused portion, the delegation granted by the Combined General Meeting of 8 April 2021.

5. Delegation of authority to the Manager to issue, through public offering, treasury share and/or securities granting access to company's equity, with waiver of shareholders' preferential subscription right and a mandatory priority period for share issues (Resolution 20)

The 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 subscription right.

You are also asked, through **Resolution 20**, to grant the Manager, which may further delegate such authority, the power to issue by means of a public offering (including offerings covered by Section 1 of Article L. 411-2 of the French Monetary and Financial Code), without preferential subscription right for shareholders, treasury share and/or debt securities providing access to existing or new treasury shares, 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 subscription right to shares in connection with such securities.

We would like to point out that the 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 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 debt securities giving access to the Company's share capital, immediately and/or in the future, that may be issued under this delegation may not exceed a total amount of €1 billion (€1,000,000,000), the overall nominal ceiling for all issues of debt securities set by **Resolution 19**.

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-nine million euros (€59,000,000), 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 17, 19 and 21 to 24**.

The issue price of the shares and/or securities convertible to equity would be determined by the 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 7 April 2022 and would immediately terminate, for the unused portion, the delegation granted by the Combined General Meeting of 8 April 2021.

6. Authorisation to be given to the Manager to increase the number of securities to be issued, in the event of a capital increase with or without a preferential subscription right (Resolution 21)

By voting on **Resolution 21**, we propose that you authorise the Manager to decide, as permitted by law, in the event that they record excess demand during a capital increase with or without preferential subscription right, 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 Manager for a period of twenty-six (26) months from the date of the Combined General Meeting of 7 April 2022, and would immediately terminate, for the unused portion, the delegation granted by the Combined General Meeting of 8 April 2021.

7. Delegation of authority to the 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 (Resolution 22)

In accordance with the option offered by Article L. 22-10-54 of the French Commercial Code, you are asked, under **Resolution 22**, to authorise the Manager, who 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 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 17, 19 to 21, 23 and 24**.

The nominal amount of the debt securities giving access to the Company’s share capital, immediately and/or in the future, that may be issued under this delegation may not exceed a total amount of €1 billion (€1,000,000,000), the overall nominal ceiling for all issues of debt securities set by **Resolution 19**.

You will be asked to note the absence of preferential subscription rights to the shares and/or securities issued, as these are intended exclusively to remunerate contributions in kind, it being specified that this delegation of authority fully entails the right, in favour of the holders of securities that may be issued and giving access to the share capital, to waive their preferential subscription rights to the shares to which these securities give entitlement.

The 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 7 April 2022 and would immediately terminate, for the unused portion, the delegation granted by the Combined General Meeting of 8 April 2021.

8. Delegation of authority to the Manager to issue shares and/or securities giving access to the company’s equity, with waiver of shareholders’ preferential subscription right, in the event of a public exchange offer initiated by the company (Resolution 23)

In **Resolution 23**, you are asked to approve the delegation of authority granted to the Manager, which may further delegate such authority, to issue shares and/or securities giving immediate or deferred access to 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 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-nine million euros (€59,000,000), 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 17, 19 to 22 and 24**.

The nominal amount of the debt securities giving access to the Company’s share capital, immediately and/or in the future, that may be issued under this delegation may not exceed a total amount of €1 billion (€1,000,000,000), the overall nominal ceiling for all issues of debt securities set by **Resolution 19**.

For each individual offer, the 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 7 April 2022 and would immediately terminate, for the unused portion, the delegation granted by the Combined General Meeting of 8 April 2021.

9. Delegation of authority to the Manager to carry out capital increases reserved for company employees who are members of a savings plan, with waiver of shareholders' preferential subscription right (Resolution 24)

You will be asked, under **Resolution 24**, to authorise the Manager, who 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 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 Manager may also replace all or part of said discount by the allocation of shares or other securities.

The 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 7 April 2022 and would immediately terminate, for the unused portion, the delegation granted by the Combined General Meeting of 8 April 2021.

10. Powers for formal recording requirements (Resolution 25)

Resolution 25 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.

Manager

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

2

Risk factors, internal control and risk management

2.1 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 major risks have been identified, as have the action plans to be implemented or strengthened in order to improve their control.

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.

2.1.1 Prioritisation and summary of the main risks

The Risk, Compliance, Audit and Internal Control Department is responsible for identifying and rating risks.

This is done on the basis of interviews and the results of annual audit plans which make it possible to identify their level of control by analysing the effectiveness of the internal control processes deployed by the company.

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

2.1.1.1 Methodology

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.

2.1.1.1.1 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 should the risk occur, on the NAV or EPRA Earnings 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).

2.1.1.1.2 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.

2.1.1.1.3 Overall risk classification

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.

2.1.1.2 Summary of the main risks

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

I. Risks related to the environment in which Covivio Hotels operates

II. Risks related to information systems, data security and cybercrime

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

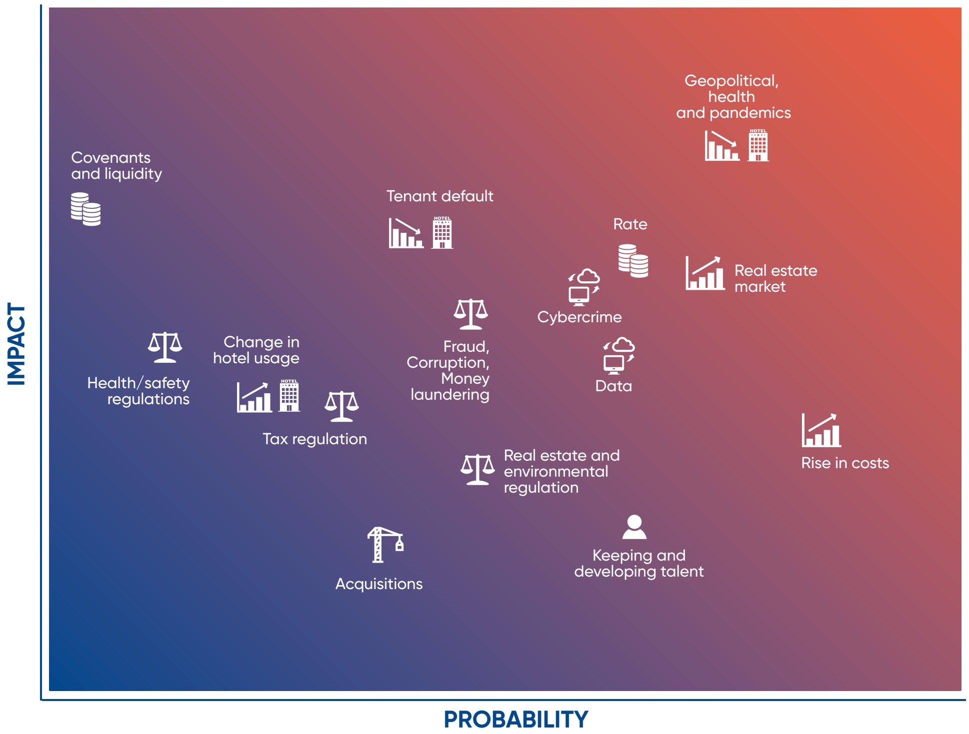
IV. Risks related to acquisitions

V. Financial risks

VI. HR risks.

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

Risk category	Risks	Risk (see graph)	Risk rating: Impact classification	Risk rating: Probability classification	Risk rating: Overall risk assessment (impact and probability)	Trend *vs.* N-1
I. Risks related to the environment in which Covivio Hotels operates	Decline/halt in activity resulting from an unfavourable geopolitical environment, terrorism, social unrest, pandemics etc.	Geopolitical, health and pandemics	■■■■	■■■	**Very high**	↘
	Unfavourable evolution of the real estate market: fall or stagnation of values and rents	Real estate market	■■■	■■■	**High**	→
	Rise in costs: essentially energy and wages	Rise in costs	■■	■■■■	**High**	New risk
	Default or insolvency of tenants resulting from a deteriorated overall economic environment (essentially unpaid bills)	Tenant default	■■■	■■	**High**	↘
	Decrease in demand and risks of vacancy resulting from new uses (slowdown in business travel/trade shows/seminars, etc.)	Change in hotel usage	■■	■	**Moderate**	↓
II. Risks related to information systems, data security and cybercrime	Failure of IT systems, consequences of cyber attacks	Cybercrime	■■■	■■■	**High**	↑
	Theft and/or alteration of data, including personal data	Data	■■	■■■	**Moderate**	↑
III. Risks related to Covivio Hotels' legal and regulatory environment	Risk of fraud, corruption (and related offences), money laundering and related legal and image risks	Fraud, Corruption, money laundering	■■	■■	**Moderate**	↑
	Changes in real estate and environmental regulations	Real estate and environmental regulations	■■	■■	**Moderate**	→
	Compliance with health and safety regulations	Health/safety regulations	■■	■	**Moderate**	→
	Unfavourable developments in tax regulations	Tax regulation	■■	■■	**Moderate**	→
IV. Risks related to acquisitions	Risks related to acquisitions of real estate assets or securities of companies: overestimation of values, poor estimation of liabilities	Acquisitions	■	■■	**Low**	→
V. Financial risks	Unfavourable change in interest and exchange rates	Rate	■■■	■■■	**High**	↑
	Liquidity risk and risk of non-compliance with banking covenants (LTV, ICR) related to declines in value and/or revenue	Covenants and liquidity	■■■	■	**Moderate**	↘
VI. HR risks	Organisational risks related to not being able to keep the most sought after staff on the labour market	Keeping and developing talent	■	■■■■	**Moderate**	New risk


Geopolitical, health and pandemics
Covenants and liquidity
Tenant default
Rate
Real estate market
Cybercrime
Change in hotel usage
Health/safety regulations
Fraud, Corruption, Money laundering
Data
Tax regulation
Rise in costs
Real estate and environmental regulation
Acquisitions
Keeping and developing talent
IMPACT
PROBABILITY

2.1.2 Description of the main risks, impacts and control

I. Risks related to the environment in which Covivio operates

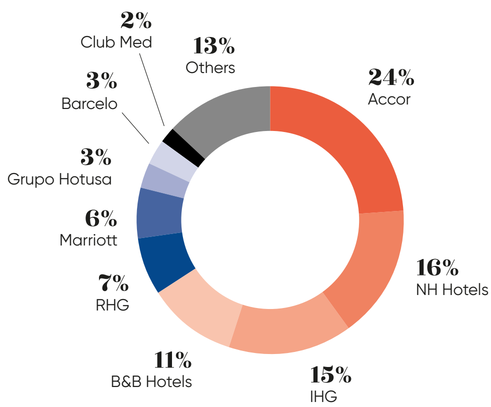
Risk	See graph	Level	Trend in relation to N-1
Decline/halt in activity resulting from an unfavourable geopolitical environment, terrorism, social unrest, pandemics etc.	**Geopolitical, health and pandemics**	**Very high**	↘

Description

- 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.
- In 2019, before the health crisis, Covivio Hotels' variable revenues made up 60% of the company's total revenues, going from €168 million in 2019 to €24 million in 2020 to €60 million in 2021.
- Likewise, 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.
- 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 since the start of the year, before the protests began; this phenomenon was more pronounced in Paris, where the occupancy rate fell 3.6 points.
- The risk of terrorist attacks also has 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.
- The Russian-Ukrainian conflict is also likely to have an impact on international tourism, although Covivio Hotels cannot measure the effects immediately.

Control system

- While in terms of hotel activity, the first half of the year remained, in line with 2020, relatively sluggish, the second half of the year saw a stronger-than-expected recovery. In Europe, RevPAR fell from -66% in June compared to 2019 to -36% in December. This performance reflects the good fundamentals of the hotel industry.
- Considering these elements, the Covivio Hotels portfolio seems 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.
- Although they cannot be controlled, future pandemic risks and their consequences could be better contained due to the experience of the last two years, particularly thanks to the greater agility of hotel operators in the deployment of appropriate health and safety measures.
- More generally, with regard to other geopolitical risks, the control measures implemented by the Company consist mainly of:
  - 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 13.3 years at the end of 2021).
- 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 expanded its number of partners with IHG, Meininger and Motel One.



Summary of potential impacts

- Decrease in variable revenues: variable rents and hotel operating revenues.
- Financial fragility of tenants, which can go as far as bankruptcy and associated risks of default and vacancy.

Risk	See graph	Risk category	Trend in relation to N-1
Unfavourable evolution of the real estate market: fall or stagnation of values and rents	**Real estate market**	**High**	→

Description

- The total assets of Covivio Hotels at the end of 2021 (€6.5 billion Group share) mainly consisted of the appraisal value of the buildings, which at the end of 2021 amounted to €5.9 billion (*i.e.* over 91%). 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 company operates. Both rent levels and market prices (and consequently the capitalisation rates used for comparison purposes by appraisers) may be subject to fluctuations due to the economic and financial environment. Covivio Hotels recognises its investment properties at fair value in accordance with the option offered by IAS 40.
- In 2021, the value of the hotel portfolio, Group share, changed on a like-for-like basis by -0.3% compared to -6.9% in 2020.
- The sensitivity of the valuation of assets at 31 December 2021 to yield rates (corresponding to the rent/appraisal value of assets excluding transfer taxes) is presented in Section 4.2.5.1.3 of this Document.
- 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.

Summary of potential impacts

- Decrease in the value of the balance sheet, NAV and, where applicable, the share price.
- Impediment to the implementation of Covivio Hotels' strategy: acquisitions, disposals, leases.

Control system

- Covivio Hotels is committed to maintaining a solid rental base, with key accounts and long-term leases (remaining firm lease term of 13.3 years at the end of 2021).
- The geographical diversification of the Company's assets and activities also contributes to reducing 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 Transformation Department to anticipate themes such as the development of innovative services and concepts or the digitisation of services, and to integrate them into the heart of its strategy and ensure an advantageous competitive positioning.
- The system for managing this risk is also described in the sections dedicated to the risk "Default or insolvency of tenants resulting from a deteriorated global economic environment".

Risk	See graph	Level	Trend in relation to N-1
Rise in costs: essentially energy and wages	**Rise in costs**	**High**	**New risk**

Description

Wages

- While the hotel sector was in the throes of a labour shortage, the employers' organisations and trade unions in the sector in France reached an agreement in early 2022 to increase wages.
- Without necessarily being subject to trade union agreements, as is the case in France, a similar upward pressure on wages resulting from a structural labour shortage in other European countries could have a material impact on the Company's EBITDA.
- In general, the payroll of a hotel represents between 25% and 35% of a hotel's revenue. At constant revenue, based on our 2019 portfolio indicators, a 5% increase in payroll has an impact of -4.5% on EBITDA.

Energy

- The European Union, like many other regions of the world, is currently facing a surge in energy prices mainly due to the increase in global demand itself linked to the recovery.
- Thus, according to the European Commission, after sluggish demand in 2019, followed by a drop in energy prices in 2020, 2021 saw a trend reversal with wholesale electricity prices in the European Union increasing, on average, on an annual basis, by 200% and retail prices by 9%. This pressure on energy prices is also expected to be exacerbated by the Russia-Ukraine conflict.
- In general, the cost of energy for a hotel represents between 3% and 5% of a hotel's revenue. At constant revenue, based on our 2019 portfolio indicators, a 5% increase in the cost of energy has an impact of -0.7% on EBITDA.

Summary of potential impacts

- Decrease in revenues due to an increase in expenses.

Control system

- Covivio Hotels has an integrated management control team that closely monitors changes in the Company's expenses.
- With a view to controlling its operating expenses, the company intends to develop the digitisation of its services by relying in particular on the Covivio Group's Transformation Department.
- Achieving energy savings, notably through an improvement in the real estate quality of its portfolio (asset rotation, targeted works policy) is also a priority for the company, which is fully in line with the Covivio Group's CSR strategy, more details of which can be found in Section 3.3 of Covivio's URD.

Risk	See graph	Level	Trend in relation to N-1
Default or insolvency of tenants resulting from a deteriorated overall economic environment (essentially unpaid bills)	**Tenant default**	**High**	↘

Description

- Covivio Hotels is exposed to the risk that its tenants' financial stability might deteriorate or that they might even become insolvent, which would significantly affect the company's earnings. This risk of insolvency of Covivio Hotels tenants is mainly related to the geopolitical, health & pandemic context (see above).
- At 31 December 2021, the rent collection rate (excluding rent-free periods and deferred rent) was 96% compared to 92% at the end of 2020. The amount of rent arrears of €6 million concerns the lessee of a hotel in Barcelona.

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 or pandemics, 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.

Summary of potential impacts

- Increase in arrears.
- Increase in vacancy.

Risk	See graph	Level	Trend in relation to N-1
Decrease in demand and risks of vacancy resulting from new uses (slowdown in business travel/trade shows/seminars, etc.)	**Change in hotel usage**	**Moderate**	↓

Description

- Mainly driven by the pandemic context, 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, mainly for 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 therefore a risk of non-payment, or even a risk of vacancy in the event of the bankruptcy of the operator on its portfolio leased under "fixed rents".
- a fall in variable rents
- operating losses on the portfolio held as operating properties.

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 2021, 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 46% 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 (13.3 years at the end of 2021) 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.
- Covivio Hotels remains little exposed to International Business customers.
- According to studies carried out by STR, the decline in business demand should be offset in the medium term by an increase in leisure demand.

Summary of potential impacts

- Decrease in demand involving:
  - increased competition between landlords
  - a decrease in market rents
  - risks of a decrease in rental income.

II. Risks related to information systems, data security and cybercrime

Risk	See graph	Level	Trend in relation to N-1
Failure of IT systems, consequences of cyber attacks	Cybercrime	High	↑

Description

- The amount of cash that Covivio Hotels may be required to disburse exposes it to the risk of cyberattacks and attempted fraud by clever engineering that could lead to extortion, theft and alteration or deletion of data that could lead to business interruption.
- Over the last three years, the Covivio Group, which manages the IT infrastructure of Covivio Hotels, has recorded an increase in phishing and phishing-type fraud attempts. Depending on their extent, interruptions, breaches or failures of information systems are likely to cause, in addition to significant damage to IT equipment, an image risk and significant financial consequences: expenses incurred to restore systems and data, expert and legal fees, fines related to non-compliance with regulations on the protection of personal data, if applicable, etc.
- In early 2022, Covivio was the subject of a ransomware attack involving the encryption of data located on some of its servers. The servers, which hosted only a limited part of Covivio's data and applications, could be restarted without significant damage. No data or application related to Covivio Hotels was affected.

Control system

- The measures put in place to reduce this risk are described in more detail in Section 2.2.2.1.2 of this document:
  - back-up plan
  - Business Continuity Plan (BCP)
  - intrusion tests
  - cyber risk training and awareness
  - cyber risk mapping
  - cyber insurance
  - implementation of an Information Systems Security Policy (ISSP) and appointment of a Chief Information Security Officer (CISO).
- More generally, the Covivio group has initiated a project to secure its data and systems by hosting its strategic applications in a network of Cloud servers using a renowned supplier implementing the highest security standards. This project should be finalised in 2022.

Risk	See graph	Level	Trend in relation to N-1
Theft and/or alteration of data, including personal data	Data	Moderate	↑

Description

- In view of its activity as a hotel operator in Europe through its "operating properties" portfolio, Covivio Hotels is particularly concerned with the management of personal data.
- In addition, the increasing digitisation of its activities means that Covivio Hotels uses multiple data subcontractors.
- 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.
- 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.

Summary of potential impacts

- Financial penalties related to non-compliance with regulations on the protection of personal data (data security).
- Image risk: loss of customer confidence.

Control system

- Covivio Hotels, relying on the Group's Compliance Department, has deployed an organisation dedicated to the protection of personal data at the European level detailed in Section 3.6.3.2. of Covivio's URD. This is led by country Data Protection Officers and a Group Data Protection Officer, who are responsible for ensuring that data processing complies with regulations.
- Controlling this risk also involves securing information systems and combating malicious acts such as "cyber-attacks". (see "Cybercrime" risk).
- More generally, the measures dedicated to the security of information systems are detailed in Section 2.2.2.1.2 of this document.

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

Risk	See graph	Level	Trend in relation to N-1
Risk of fraud, corruption (and related offences), money laundering and related legal and image risks	Fraud, corruption, money laundering	Moderate	↑

Description

- The activities of Covivio Hotels and in particular the sales, acquisition, leasing and development activities involve significant capital movements as well as regular contacts between Covivio Hotels employees and local service providers, intermediaries or public officials.

Fraud

- Covivio Hotels could be the victim of internal or external fraud: use of privileged access, identity theft of an employee, officer or service provider in order to obtain a transfer to a third-party account for a real or fictitious transaction, etc.

Corruption and influence peddling

- Covivio Hotels staff (employees, corporate officers), directly or *via* intermediaries may commit these offences, in their own interest, that of a third party or that of Covivio Hotels.
- 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.
- Similarly, Covivio Hotels employees could be granted these same benefits to encourage the use of a service provider.

Money laundering

- 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.
- 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 consequently to implement its strategy of disposals, acquisitions, development or leasing.

Summary of potential impacts

- Financial losses.
- Sanctions of administrative or legal authorities.
- Damage to Covivio's image, hindering its ability to forge business relationships.

Control system

- Covivio Hotels has a structured Internal Control system, the operation of which is described in Section 2.6.4 of this Document.
- Measures to prevent specific risks of fraud, corruption and money laundering are detailed in Section 3.6.2 of the Covivio group's URD and in Section 2.2.2.1.5 of this Document. This system is coordinated at European level by the group Compliance Officer, who also covers the activities of Covivio Hotels.

Risk	See graph	Level	Trend in relation to N-1
Changes in real estate and environmental regulations	**Real estate and environmental regulation**	**Moderate**	→

Description	Control system
• The legal and regulatory changes in terms of commercial leases (duration, indexation, recoverable expenses) are likely to have negative financial consequences for Covivio Hotels. • Similarly, given the climate challenges, environmental regulations are very likely to become stricter in the more or less long term. • If these changes were not sufficiently anticipated, Covivio would be exposed to the risk of obsolescence of its portfolio, which would result in a drop in valuations and a lack of competitiveness on the sales and leasing markets. • The new constraints related to buildings are also likely to lead to a significant increase in building construction and renovation costs, which would affect the profitability of Covivio Hotels' portfolio in the least stressed areas. If these changes were not sufficiently anticipated, Covivio Hotels would be exposed to the risk of obsolescence of its portfolio, which would result in a drop in its valuations and a lack of competitiveness on the sales and rental markets. • The other specific risks related to environmental issues are detailed in Section 3.2.4 of Covivio's URD. Financial risks related to the effects of climate change are presented in Section 2.1.3 of this Document.	• Covivio Hotels relies on Covivio's legal teams, which closely monitor changes in real estate regulations. • Covivio's Sustainable Development Department is in charge of monitoring changes in environmental regulations. It manages and relays information so that the real estate teams of Covivio Hotels can set objectives and draw up action plans to anticipate future regulations. • A mapping specifically dedicated to CSR risks is regularly updated. This is detailed in Section 3.3 of Covivio's URD.
Summary of potential impacts	
• Unfavourable change in rents, charges and construction costs. • Portfolio obsolescence: decline in values and rents.	

Risk	See graph	Level	Trend in relation to N-1
Compliance with health and safety regulations	**Health/safety regulations**	**Moderate**	→

Description	Control system
• Covivio Hotels activities are 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, Covivio Hotels might have to meet additional expenses. • Moreover, as the owner of these buildings, facilities or land, Covivio Hotels could be held liable under civil or even criminal law if it breaches its obligations. • Likewise, Covivio Hotels' status as a hotel operator (operating properties portfolio) imposes on the company various obligations and responsibilities related to hygiene, and the health and safety of its customers.	• Covivio Hotels relies on Covivio's support departments to anticipate legal and regulatory changes in terms of the environment and public health (see "Real estate and environmental regulations" risk). • 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. • Covivio Hotels operates its hotels in compliance with the permits granted by the prefectoral and safety authorities.
Summary of potential impacts	
• Additional compliance costs. • Sanctions by the competent authorities. • Degradation of Covivio Hotels' image.	

Risk	See graph	Level	Trend in relation to N-1
Unfavourable developments in tax regulations	**Tax regulation**	**Moderate**	→

Description

- 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.
- A SIIC must be listed and not be 60% or more owned by a majority shareholder, alone or acting in concert. The real estate activities (SIIC activities) must represent more than 80% of its activity.
- In Spain, Covivio Hotels investments also benefit from a special regime for real estate activities called SOCIMI.
- Thus, in the event of the SIIC regime being called into question, Covivio Hotels would be subject to corporate income tax on the portion of its income previously exempt. More generally, any change in tax rules or any failure to comply with the resulting obligations could have an unfavourable impact on the Company's results.

Control system

- 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.

Summary of potential impacts

- Tax penalties.
- Tax increase.

2

IV. Risks related to acquisitions

Risk	See graph	Level	Trend in relation to N-1
Risks related to acquisitions of real estate assets or securities of companies: overestimation of values, poor estimation of liabilities	**Acquisitions**	**Low**	→

Description

- Covivio Hotels' development strategy is based on the acquisition of properties or property portfolios, which exposes it to various risks.
- During acquisitions, Covivio Hotels could overestimate their return,
- Covivio Hotels could also acquire assets - or securities in companies holding assets - with hidden defects (particularly in environmental matters), instances of non-compliance that would not be covered by vendor guarantees or a liability that could result in sanctions under the Sapin II Law.

Control system

- 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.
- 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.
- 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.
- The Group Compliance Officer is also involved in investment transactions by carrying out prior probity analyses of counterparties and target companies.

Summary of potential impacts

- Non-compliance with budget forecasts: values and results.
- Financial and legal risks related to the assumption of liabilities.

V. Financial risks

Risk	See graph	Level	Trend in relation to N-1
Unfavourable change in interest and exchange rates	Rate	High	↑

Description

- With an annual inflation rate in the euro zone of 5.0% in December 2021, economists anticipate an increase in key rates in 2022 by the ECB, following the example of the Fed in the United States, which announced three successive increases in its key rates.
- Covivio Hotels' long-term and short-term borrowings amounted to €2.9 billion Group share at the end of 2021 (€2.4 billion in "net debt"), exposing it to the risk of interest rate increases that could lead to a significant increase in financial expenses.
- Similarly, a higher financing cost would reduce Covivio Hotels' ability to finance its development.
- Sensitivities to an increase in interest rates are described in Section 4.2.2.3 of this Document.
- A change in the exchange rate between the pound sterling and the euro could have negative consequences on Covivio Hotels' results and more specifically on the amount of rents received, since 13% of its portfolio is located in the United Kingdom.

Control system

- The average rate on Covivio Hotels' debt remained low at 1.94% at the end of 2021 (compared to 1.99% at the end of 2020).
- 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.
- Covivio Hotels aims to maintain a low LTV. At 31 December 2021, it stood at 37.1% (Group share and restated for assets under promise) compared to 41.9% at 31 December 2020.
- On its portfolio located in the United Kingdom (13%), Covivio Hotels has set up a debt in Pound Sterling and a hedge. At the end of 2021, Covivio Hotels was thus 98% hedged against foreign exchange risk.

Summary of potential impacts

- Increase in financial expenses on the portion of unhedged debt.
- Impediment to development capabilities.

Risk	See graph	Level	Trend in relation to N-1
Liquidity risk and risk of non-compliance with banking covenants (LTV, ICR) related to declines in value and/or decline in revenues	Covenants and liquidity	Moderate	↘

Description

Liquidity

- Covivio Hotels' long- and short-term borrowings at the end of 2021 amounted to €2.9 billion, of which €43 million is due in 2022, and €1.8 billion due at the end of 2026.
- Cash and credit facilities available at 31 December 2021 amounted to €483 million.
- Covivio Hotels therefore also runs the risk of having insufficient liquidity to service its debt or refinance debts on maturity.
- 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.
- Covivio Hotels' debt maturities are presented in Section 4.2.2.2 of this Document.

Control system

- The debt reduction policy pursued by Covivio Hotels for several years enables it to better control this risk. Thus, the ratio of net debt to asset value remained well under control at 37.1% at the end of 2021 (compared to 40.9% at the end of 2020).
- 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.
- Eighteen-month liquidity forecasts are analysed each month by the Finance Department and submitted to General Management.

Covenants

- 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).
- 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:
  - "Unfavourable evolution of the real estate market: fall or stagnation of values and rents"
  - "Default or insolvency of tenants"
  - "Unfavourable change in interest rates"
- At the end of 2021, the most restrictive LTV (Loan to Value) covenant applying to Covivio Hotels is 60%, for an effective ratio of 39.7% (banking LTV) at the end of 2021. As a result, the Company could suffer a 34% fall in the value of its assets before reaching its LTV covenant.
- At the end of 2021, Covivio Hotels' ICR (Interest Coverage Ratio) stood at 3.08x compared with 2.20x at the end of 2020 for a covenant of 2.0x. In 2020, Covivio Hotels had obtained, as a precautionary measure and as a security measure for its creditors, the suspension of the consolidated ICR covenant (2.0x) for 2020 as well as for the first half of 2021.

Summary of potential impacts

- Inability to service debt: immediate repayment, seizure of assets.
- Immediate repayment of debt.
- Increase in financial expenses.

VI. HR risks			
Risk	**See graph**	**Level**	**Trend in relation to N-1**
Organisational risks related to not being able to keep the most sought after staff on the labour market	**Keeping and developing talent**	**Moderate**	**New risk**

Description

- Marked by the health crisis, 2020 was characterised by a shutdown of activity as well as by a general decline in hires at the European level. However, the deployment of strong public subsidies, in particular partial unemployment schemes, has made it possible to mitigate the effects of the crisis on the labour market.
- Thus, according to DARES, the French labour statistics department, with the lifting of health constraints, the labour market seems to be recovering its pre-crisis situation in most European countries: workforce shortages reported by companies in the business trend surveys increased significantly and the unemployment rate stood at 7.5% in the euro zone in August 2021, *i.e.* its level at the end of 2019.
- Reflecting this phenomenon, the turnover rate of employees on permanent contracts of the Covivio UES (of which Covivio Hotels is a part) was 8.8% in 2021, an increase compared to the two previous years (7% in 2020 and 6.2% in 2019).
- The activities carried out within the Company, both in operational areas and in so-called "support" functions, require a high degree of qualification of employees and/or concern particularly dynamic business sectors.
- On the job market, Covivio Hotels is therefore in competition with many other hotel real estate operators, but also with financial groups (such as asset managers, investment funds, etc.).
- In addition to the temporary organisational difficulties likely to result from too many departures (loss of know-how, reallocation of workload and associated psycho-social risks, etc.), Covivio Hotels could, if such tension persists in the longer term, find it difficult to implement its strategy optimally due to a lack of qualified staff and/or be faced with a significant increase in its payroll.

Summary of potential impacts

- Temporary organisational risks (loss of know-how) and associated psychosocial risks.
- Impediment to the deployment of Covivio's strategy.
- Increase in payroll.

Control system

- The issues relating to the skills and attractiveness of Covivio Hotels as an employer were identified as major issues for the company during the Covivio group's CSR risk mapping.
- The measures deployed by the Group's Human Resources Departments are detailed in Section 3.5.1.4 of Covivio's URD.
- These include:
  - regular monitoring of HR indicators to analyse trends and anticipate social issues (departures, absenteeism, etc.)
  - systems aimed at promoting employee-employer, preventing psychosocial risks, reconciling personal and professional life (workload monitoring interviews, teleworking agreements, etc.)
  - training and development plans (coaching, mentoring, sponsorship of newcomers, etc.)
  - a performance-based remuneration system including a variable remuneration policy.
- identification actions (people reviews, succession plans) and loyalty plans aimed at key employees (long-term incentive based on Covivio shares) are also implemented.
- the Covivio Group also increased its visibility on the job market by launching its employer brand in September 2019. The Group's 27 ambassadors are its cornerstone: participation in school forums, positioning as a "co-optor" by proposing profiles to be recruited, intervention on the various networks to promote Covivio (LinkedIn, jobteaser, advertising campaigns, etc.).

2.1.3 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 3 of the Covivio Universal Registration Document.

It constitutes Covivio's Statement of Non-Financial Performance (SNFP). This 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 year, it also includes the first obligations related to the entry into force of the Taxonomy Regulation (EU) 2020/852 and its delegated acts concerning the first two environmental objectives of the text related to climate change (adaptation and mitigation) and Article 8 specifying the terms and conditions of the indicators to be published in this context.

This report details the objectives and actions that place Covivio's low-carbon strategy on course for a trajectory of 1.5 °C for its direct activities and "Well-below 2 °C" for all of its activities in Europe, in line with the principles of the 2015 Paris Agreement and the climate reporting framework launched by the Task Force on Climate-related Financial Disclosures (TCFD).

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

2.2 Internal control, risk management and compliance policy

2.2.1 Objectives, scope and guidelines

2.2.1.1 Objectives and limits

To address the risks, including those described in this chapter, Covivio Hotels relies on the internal control and risk management system put in place by the Covivio group.

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.

2.2.1.2 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.

2.2.1.3 Standards

Covivio Hotels relies on the "reference framework" recommended by the French Financial Markets Authority (Autorité des Marchés Financiers - AMF). This AMF reference framework is based on that of COSO (Committee of Sponsoring Organisations of the Treadway Commission). It includes a set of methods, procedures and measures that should enable the company to:

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

2.2.2 System components

2.2.2.1 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.

2.2.2.1.1 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.

2.2.2.1.2 Securing 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. regular intrusion tests are performed by a specialist service provider to ensure that the information system is as secure as possible. 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. It underlined that many elements of control were in place within the Group and the recommendations were taken into account
5. training and awareness-raising on cyber risks, carried out for all Group employees, reminding them of best practices and behaviours to adopt

6. an IT Charter, distributed and appended to the Internal Rules of the Covivio UES, of which Covivio Hotels is part:
   - 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 scope of responsibility of the users and the company, in accordance with the legislation, in order to guarantee an appropriate 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. the development in 2019 of an ISSP: an information systems security policy.

2.2.2.1.3 Procedures updated, validated and disseminated

The procedures are drafted by the Risk, Compliance, Audit and Internal Control Department in close collaboration with operational staff.

The procedures describe the risks and control points of sensitive and manageable processes.

The procedures are presented as flowcharts that highlight:

- the risks identified and the resources employed to control such risks
- the roles and responsibilities of each individual (processing, monitoring, validation, information, archiving)
- the control points in place.

Any procedure (creation, updating, elimination) is presented to an *ad hoc* committee composed of members representing the Group's various business lines (operational and support) chosen on the basis of their expertise and knowledge of how the company operates. The procedures are then validated by the Management Committee.

To strengthen their validity and relevance, the procedures are co-signed by the 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.

2.2.2.1.4 Employee training

The Group's Risk, Compliance, Audit and Internal Control Department holds training sessions called *Les Matinales du Process*. They are intended for all employees in order to raise their awareness of:

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

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

In addition, all new employees of the Group, 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.

2.2.2.1.5 An established ethics and compliance system

Covivio Hotels has placed among its values not only compliance with regulations and internal procedures, but also with the rules of professional conduct and ethics, the proper implementation of which is ensured in particular by Covivio's Group Compliance Officer and Ethics Officer (covering Covivio Hotels' scope of activity). The company can 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.

2.2.2.1.5.1 The 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 of the 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.

2.2.2.1.5.2 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, clear and serious infringement of national or international laws, or a serious threat or harm to the public interest. It also enables any employee to report breaches of the principles laid down by 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.

2.2.2.1.5.3 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.

2.2.2.1.5.4 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. Their mission includes several components:

- 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.

2.2.2.1.5.5 The Group 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.

2.2.2.2 A structured organisation

2.2.2.2.1 Risk mapping

For more than ten years, the Company has been mapping risks, enabling it to have a better understanding of events that could affect the Company's results, to monitor their evolution and to strengthen their control. Significant risks are presented in Sections 2.1 *et seq.* of this Document. In addition to the mapping of general risks, corruption risks are also mapped and updated in accordance with the Sapin II law.

2.2.2.2.2 Incidents database

Incident databases have been set up. They make it possible to reinforce the effectiveness of the systems for managing risks, by managing proven incidents, to avoid their repetition, and to contain their consequences.

This incident database enables employees 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
- allocate any necessary resources.

2.2.2.2.3 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.

2.2.2.3 Control activities proportionate to the risks

Control activities are designed to control risks that may affect the achievement of the Company's objectives. The frequency of controls is adapted to the scale and nature of the risks.

2.2.2.3.1 Control of risks on investments, disposals and financing

In accordance with the rules of governance, decisions relating to the highest risks are placed, above certain amounts, under the control of the Supervisory Board and its specialised 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, a member of the Executive Committee of Covivio, whose mission is to provide, in addition to a detailed risk analysis, an independent perspective on the risks inherent to transactions prior to their presentation to governance bodies. The Group Risk Manager also examines transactions over €5 million initiated by Covivio Hotels.

2.2.2.3.1 Control of risks on investments, disposals and financing

2.2.2.3.2 Control of the Company's activities

Control of proprietary companies, management companies and functional 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 expenses, appraisals, asset management, etc.).

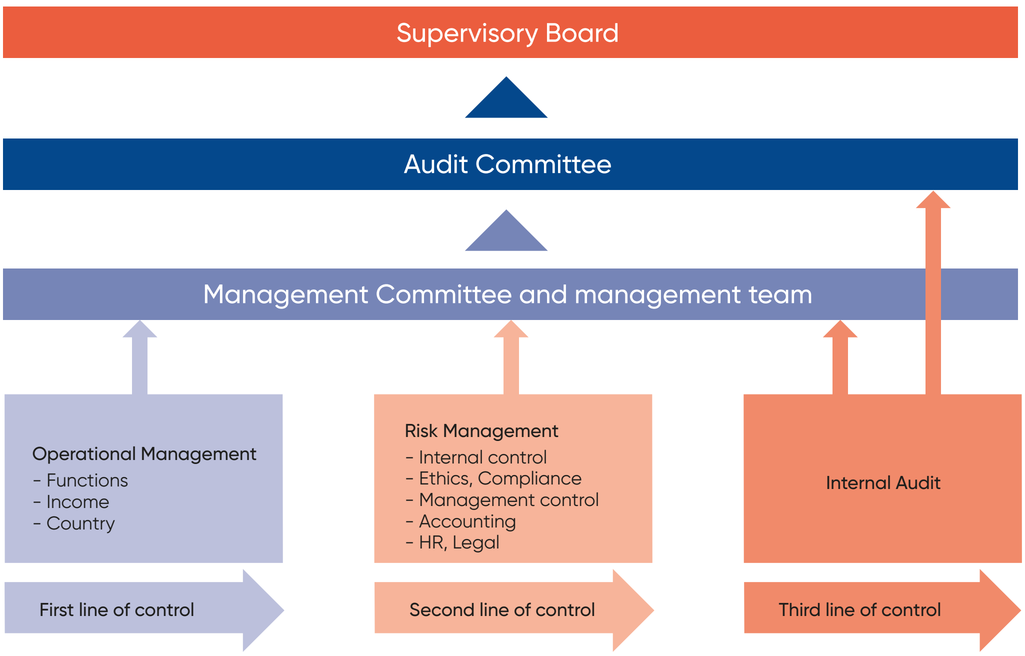
Covivio Hotels Management Control monitors compliance with budgets.

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

2

2.2.2.4 Levels of control and stakeholders

The 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.

2.2.3 Internal control of accounting and financial information

The internal control of accounting and financial information 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.

2.2.3.1 Scope

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

2.2.3.2 Actors and governance

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 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.

2.2.3.3 Production of accounting and financial information

The quality of the financial statements production process stems in particular from:

- the formalisation of 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 financial statements.

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

2.2.3.4 Production of the consolidated financial statements

For preparation of the consolidated financial statements, 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 financial statements 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.

2.2.3.5 Control of financial and accounting information

The 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 Manager also defines the financial communications strategy. The press releases about the financial and accounting information require approval from the Audit Committee and the 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.

2.2.4 Insurance system

2.2.4.1 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 guarantees are taken out with leading insurers, all of which have a good financial strength rating and are part of the risk management policy 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 its business as real estate company, owner and manager of buildings, hotel operator (owner of hotel business goodwill) or in its construction and development projects.

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

In 2021, in a context of a general tightening of the insurance market, policies were renegotiated with cover levels maintained and price increases mitigated, in particular through the use of new insurers and/or co-insurers.

Covivio Hotels includes leading insurance partners such as Allianz, Chubb, Zurich, MMA, Liberty Mutual, Affiliated FM, XL/Axa and Aig.

2.2.4.2 Description of coverage levels

2.2.4.2.1 Real estate portfolio insurance

The real estate assets of Covivio Hotels and its subsidiaries are characterised by a strong geographical dispersion, thus protecting the Company from a single claim affecting all of its 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, non-mandatory 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.

2.2.4.2.2 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.

2.2.4.2.3 Insurance of other risks

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 programme taken out by Covivio, which enables it to benefit from all the guarantees currently available on the cyber risk insurance market. 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 addition, in the event of events that could harm the image and reputation of Covivio Hotels, insurance cover has been taken out enabling it to finance the immediate intervention and fees of a communications firm specialising in crisis management.

2.2.4.2.4 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.

2.3 Trends and outlook for 2022

As a follow-up to actions taken in 2021, the Risk, Compliance, Audit and Internal Control Department will ensure the full and thorough implementation of the year's audit plan in 2022. It will strive to improve the management, identification, understanding and hedging of risks within the Group. The management of cyber risks, as well as compliance with regulations on the protection of personal data as part of the Group's digital transformation, will also be major challenges for 2022.


Hilton Dublin
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80%

of hotels certified
by the end of 2021.

3

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 2021, Covivio Hotels had 18 employees (8 women, 10 men), 17 on permanent contracts. All of the Human Resources indicators relating to Covivio Hotels are included in chapter 3.7.2 of the Covivio Universal Registration Document as part of the France ESU. Within this scope, the training rate in 2021 was 80%, with each employee doing an average of 19 hours training and 4.1% of the payroll spent on training. Also, all employees are covered by collective agreements and a health and safety committee. The workplace accident rate for the ESU was 0.7%. The absenteeism rate is 2.2%. Turnover on departure was 8.8% and the recruitment rate was 9.7% at end-2021.

Structured on the basis of the CSR risk mapping study carried out in 2018, Covivio's consolidated Statement of Non-Financial Performance (SNFP) is presented in Chapter 3 of its Universal Registration Document. It describes the risks and opportunities identified, the action plan and results by business line, 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. CSR risk mapping 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 Covivio's CSR strategy apply to all its businesses: sustainable buildings, society, social issues and governance:

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

Since 2017, this reporting has been aligned to the 17 sustainable development goals (SDGs) defined by the United Nations. In line with the main international reference frameworks (GRI Standards, EPRA Sustainability Best Practices Recommendations, SASB). It also includes recommendations issued by the *Task force on Climate-related Financial Disclosures* (TCFD), based on incorporating financial impacts inherent to climate change. In 2017/2018, work done with the *Centre Scientifique et Technique du Bâtiment* (CSTB) made it possible to set carbon targets consistent with a 2 °C scenario. These targets have been approved by the SBT (Science-based targets) initiative since summer 2018[1]. In 2021, this work has been updated and the target has been raised, with a commitment by Covivio to cut greenhouse gas emissions per m^2 by 40% by end-2030 compared to 2010 (up from 34% initially) across the whole of its activities in Europe.

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 2021, 80.4% of hotels owned by Covivio in Europe were certified (*vs.* 72.5% at end-2020 and 56.8% at end-2019), with a target of 100% by end-2025. In accordance with the Group's principles, Covivio Hotels embarked on the certification of the portfolio acquired in 2021 (luxury hotels in Italy, Hungary and the Czech Republic), and 6 hotels in this portfolio were certified BREEAM In-Use in 2021, plus the certification of the Hilton Dublin, also acquired in 2020. Covivio also measures how accessible its hotels are by public transport. At end-2021, 90% of hotels were less than 500 metres of a public transport point and 98.7% within 1 km. It is through this kind of global approach, looking at the whole life-cycle of the building, that Covivio Hotels is developing the energy and environmental performance of its portfolio.

In France, after a ten-year wait, the so-called "tertiary" decree was published in July 2019, pursuant to the ELAN law[2]. The tertiary decree requires any building, part of a building or real estate complex of at least 1,000 m^2 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 the principle of 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. However, at the start of 2022 these absolute value thresholds had not yet been published. This has delayed the analysis that Covivio wants to conduct to compare energy performance of its buildings with these thresholds. 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 Hotel'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: "Build sustainable relationships and well-being". 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 SNFP reflects a policy that covers the entire scope of sustainable development. It takes into account the first provisions published in relation to the European "green" Taxonomy regulation. Revenue from hotel leasing and the Opex and Capex related to the buildings are eligible under the taxonomy for the two first environmental goals (mitigation and adaptation to climate change), principally in respect of activity 7.1 – acquisition and holding of real estate assets. The Operating Properties business is not currently eligible. The SNFP is also verified by an independent third party (see chapter 3.8 of Covivio's Universal Registration Document – www.covivio.eu) which reviews the Group's social and environmental indicators, including all indicators linked to Covivio Hotels. All invested Capex are however eligible. Given the nature of Covivio Hotels' business, the scale of operating expenses eligible for the taxonomy were immaterial in respect of all spending.

3

Share of Covivio Hotels' activities eligible under the taxonomy

	Regulatory definition	Operational definition*
	(IFRS data)	(net rental income and EBITDA)
Revenues	62.70%	88.40%
CAPEX	100%	
OPEX	Immaterial	

* Regulations prescribes the use of gross IFRS figures for calculating the percentage of eligibility. However, given the nature of Covivio Hotels' business, a calculation based on net rental income from hotel lease properties (eligible) and the EBITDA of hotels under management (non-eligible), as used in Covivio Hotels' financial communications, provides better consistency with the financial reporting. This interpretation forms part of a more operational approach that better reflects the realities of the business.

The information in Section 3 of Covivio's 2021 Universal Registration Document is also contained in its Sustainable Development Annual Report. (www.covivio.eu/fr).

(1) *https://www.Covivio.eu/fr/communiques/les-objectifs-climat-de-Covivio-salues-par-linitiative-science-based-targets-sbt/.*
(2) *The law of 23 November 2018 on the evolution of housing, planning and digital technology, or the ÉLAN law.*

Barcelo Torre de Madrid
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€6.6 billon hotel portfolio.

4

Consolidated financial statements as at 31 December 2021

4.1 Consolidated financial statements as at 31 December 2021

4.1.1 Statement of financial position

Assets

(€K)	Note 4.2.5	31/12/2021	31/12/2020
Intangible assets	**1.2**		
Goodwill		117,199	135,086
Other intangible fixed assets		223	195
Tangible assets	**1.2**		
Operating properties		1,006,235	1,017,972
Other tangible fixed assets		17,967	24,433
Under construction assets		4,982	4,088
Investment properties	1.3	4,984,763	5,052,610
Non-current financial assets	2.2	66,833	67,297
Investments in equity affiliates	3.2	195,815	187,354
Deferred taxes - assets	4	17,634	29,906
Long-term derivative instruments	12.5	18,954	34,419
Total non-current assets		**6,430,606**	**6,553,360**
Assets held for sale	1.3	154,787	50,955
Loans and receivables	5	2,945	2,853
Inventories and work-in-progress	6	1,823	1,712
Short-term derivative instruments	12.5	5,585	5,431
Trade receivables	7.2	66,273	28,952
Tax receivables	8	27,445	44,108
Other receivables	8	20,088	15,736
Prepaid expenses	9	1,248	921
Cash and cash equivalents	10.2	145,181	101,759
Total current assets		**425,375**	**252,428**
TOTAL ASSETS		**6,855,981**	**6,805,788**

Liabilities

(€K)	Note 4.2.5	31/12/2021	31/12/2020
Capital		592,566	530,190
Share premium		1,685,623	1,506,183
Treasury shares		-140	-209
Consolidation reserve		873,050	1,237,814
Net income		50,288	-337,396
Total shareholders' equity, Group share	**3.1.4**	**3,201,388**	**2,936,582**
Share non-controlling interests		197,278	181,130
Total shareholders' equity	**11.2**	**3,398,665**	**3,117,712**
Long-term borrowings	12.2	2,642,363	2,681,356
Long-term rental liabilities	12.6	270,818	236,678
Long-term derivative instruments	12.5	53,733	120,195
Deferred taxes - liabilities	4	254,384	238,080
Provision for retirement indemnities	13.2	1,003	1,547
Other long-term liabilities	14	10,454	6,621
Total non-current liabilities		**3,232,754**	**3,284,478**
Trade payables	14	33,722	30,079
Trade payables on fixed assets	14	12,856	9,425
Short-term borrowings	12.2	36,736	228,560
Short-term rental liabilities	12.6	5,182	5,639
Short-term derivative instruments	12.5	21,121	25,803
Security deposits		60	54
Advances and pre-payments received, accrued credit notes	14	65,572	39,624
Short-term provisions	13.2	10,253	9,515
Tax liabilities	14	4,243	13,461
Other short-term liabilities	14	31,673	35,133
Pre-booked income	16	3,144	6,307
Total current liabilities		**224,562**	**403,598**
TOTAL LIABILITIES		**6,855,981**	**6,805,788**

4.1.2 Statement of net income

(€K)	Note 4.2	31/12/2021	31/12/2020	Change	%
Rental income	6.2.1	180,871	151,296	29,575	19.5%
Unrecovered rental costs	6.2.2	-2,290	-1,581	-709	44.8%
Expenses on properties	6.2.2	-2,480	-2,262	-219	9.7%
Net losses on unrecoverable receivables	6.2.2	-12,724	-14,462	1,738	n.a.
Net rental income		**163,377**	**132,991**	**30,386**	**22.8%**
Revenues from hotels under management		107,605	89,353	18,252	20.4%
Operating expenses of hotels under management		-86,179	-81,476	-4,703	5.8%
Managed hotel EBITDA	**6.2.3**	**21,426**	**7,877**	**13,549**	**172.0%**
Management and administration income		2,955	2,328	627	26.9%
Business expenses [1]		-1,454	-1,278	-176	13.8%
Structure costs		-21,094	-21,877	783	-3.6%
Net cost of operations	**6.2.4**	**-19,593**	**-20,827**	**1,234**	**-5.9%**
Depreciation of operating assets	6.2.5	-42,341	-42,858	517	-1.2%
Net allowances to provisions and other	6.2.5	16,518	4,745	11,773	248.1%
Operating income		**139,387**	**81,928**	**57,459**	**70.1%**
Income from asset disposals	**6.3**	**-455**	**-1,133**	**678**	**n.a.**
Net valuation gains and losses	**6.4**	**-16,294**	**-327,627**	**311,333**	**n.a.**
Income from disposal of securities	**6.3**	**-1,151**	**-92**	**-1,059**	**n.a.**
Income from changes in scope	**6.5**	**-22,497**	**-3,802**	**-18,696**	**n.a.**
Operating income (loss)		**98,990**	**-250,725**	**349,716**	**-139.5%**
Cost of net financial debt	6.6	-57,591	-58,204	613	-1.1%
Interest charges on rental liabilities	6.7	-13,910	-13,009	-901	6.9%
Fair value adjustment on derivatives	6.7	69,642	-46,018	115,660	-251.3%
Discounting and exchange result	6.7	-708	264	-972	n.a.
Exceptional depreciation of loan issue costs	6.7	-1,565	-207	-1,358	656.0%
Share in income of equity affiliates	5.3.2	10,691	-13,509	24,200	-179.1%
Net income before tax		**105,550**	**-381,409**	**486,958**	**-127.7%**
Deferred tax	6.8.2	-26,452	59,557	-86,010	n.a.
Corporate income tax	6.8.2	-4,656	-13,278	8,621	-64.9%
Net income for the period		**74,441**	**-335,129**	**409,570**	**-122.2%**
Net income from non-controlling interests		-24,151	-2,267	-21,884	n.a.
Net income for the period - Group share		**50,290**	**-337,396**	**387,686**	**-114.9%**
Net income per share, Group share (in €)	**7.2**	**0.36**	**-2.64**		
Diluted net income per share, Group share (in €)	**7.2**	**0.36**	**-2.64**		

4.1.3 Statement of comprehensive income

(€K)	31/12/2021	31/12/2020
Net income for the period	**74,441**	**-335,129**
Currency translation differences	550	-9,577
Other comprehensive income that can be reclassified to profit or loss	**550**	**-9,577**
Other comprehensive income that cannot be reclassified to profit or loss	**0**	**0**
Other items of comprehensive income	**550**	**-9,577**
Comprehensive income for the period	**74,991**	**-344,706**
of which attributable to owners of the parent company	50,840	-346,973
of which attributable to non-controlling interests	24,151	2,267
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	**74,991**	**-344,706**

4.1.4 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 shareholders' equity
Position at 31 December 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
Others			-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 December 2020	**530,190**	**1,506,183**	**-209**	**900,418**	**2,936,582**	**181,130**	**3,117,712**
Dividends distribution				-34,458	-34,458	-9,393	-43,851
Capital increase	62,376	179,440		6,238	248,054	1,389	249,443
Others			69	226	295		295
Total comprehensive income (loss) for the period				**50,840**	**50,840**	**24,151**	**74,991**
Of which currency translation gains				*550*	*550*		*550*
Of which net income (loss)				*50,290*	*50,290*	*24,151*	*74,441*
Change in scope and interest rates				75	75		75
Position at 31 December 2021	**592,566**	**1,685,623**	**-140**	**923,339**	**3,201,388**	**197,278**	**3,398,665**

4.1.5 Statement of cash flows

(€K)	Note 4.2	31/12/2021	31/12/2020
Consolidated net income (including minority interests)		**74,441**	**-335,129**
Net depreciation, amortisation and provisions (excluding those related to current assets)		60,893	50,773
Unrealised gains and losses relating to changes in fair value	5.12.5 & 6.4	-53,347	373,647
Income and expenses calculated on stock options and related share-based payments		-6	-334
Other calculated income and expenses	6.7	4,461	-17,023
Gains or losses on disposals		1,614	1,225
Share of income from companies accounted for under the equity method	5.3.2	-10,691	13,509
Cash flow after tax and cost of net financial debt		**77,365**	**86,669**
Cost of net financial debt and interest charges on rental liabilities	6.6 & 5.12.6	67,361	66,012
Income tax expense (including deferred taxes)	6.7.2	31,108	-46,280
Cash flow before tax and cost of net financial debt		**175,834**	**106,401**
Taxes paid		-12,434	-21,142
Change in working capital requirements on continuing operations (including employee benefits liabilities)	5.7.2	-4,958	-4,630
Net cash generated by the business		**158,443**	**80,629**
Impact of changes in the scope		-1,144	-59,778
Disbursements related to acquisition of tangible and intangible fixed assets	5.1.2	-73,752	-52,478
Proceeds from the disposal of tangible and intangible fixed assets	5.1.2	69,217	152,294
Dividends received (companies accounted for under the equity method, non-consolidated securities)	5.3.2	2,226	5,668
Change in loans and advances granted	5.2.2	462	371
Investment grants received		0	1,660
Net cash flow from investment activities		**-2,991**	**47,737**
Amounts received from shareholders in connection with capital increases:			
Paid by parent company shareholders	3.1.4	248,053	-16,746
Paid by non-controlling interests of consolidated companies	3.1.4	1,389	0
Purchases and sales of treasury shares		76	-177
Dividends paid during the reporting period:			
Dividends paid to parent company shareholders	3.1.4	-34,458	-2,717
Dividends paid to non-controlling interests of consolidated companies	3.1.4	-9,393	-12,556
Proceeds related to new borrowings	5.12.2	656,152	460,677
Repayments of borrowings (including finance lease agreements)	5.12.2	-884,765	-542,388
Net interest paid (including finance lease agreements)		-73,460	-62,053
Other cash flow from financing activities	5.12.5	-4,076	-8,383
Net cash flow from financing activities		**-100,481**	**-184,343**
Impact of changes in the exchange rate		**-14**	**-657**
Change in net cash		**54,957**	**-56,635**
Opening cash position		89,301	145,936
Closing cash position		144,258	89,301
CHANGE IN CASH AND CASH EQUIVALENTS		**54,957**	**-56,635**

4.2 Notes to the consolidated financial statements

4.2.1 General principles

4.2.1.1 Accounting standards

The consolidated financial statements of the Covivio Hotels Group at 31 December 2021 were prepared in accordance with the international accounting standards and interpretations issued by the International Accounting Standards Board (IASB) and adopted by the European Union as of the preparation date. These standards include the IFRS (International Financial Reporting Standards) and their interpretations.

The financial statements were approved by the Management Board on 18 February 2022.

Accounting principles and methods used

The accounting principles applied to the consolidated financial statements as at 31 December 2021 are identical to those used for the consolidated financial statements as at 31 December 2020, with the exception of new standards and amendments whose application is mandatory as from 1 January 2021 and which were not applied early by the Group.

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

- amendments to IFRS 4 "Insurance contracts - provisional exemption from application of IFRS 9", adopted by the European Union on 15 December 2020. The deferral of application is extended until the fiscal years beginning before 1 January 2023
- amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "In connection with the reform of benchmark rates - phase 2", adopted by the European Union on 13 January 2021. These amendments specify the accounting treatment to be applied when replacing an old benchmark interest rate with a new benchmark in a given contract, as well as the impact of this change on the hedging relationships 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 GBP). At 31 December 2021, the financial instruments that were previously indexed to the Libor GBP have been modified and are now indexed to the SONIA GBP + a spread 0.1193%. These are variable financial debt (£400 million), derivatives (notional amounts of £580 million) and Cross Currency Swaps (notional amounts of £250 million) set up as part of the acquisition of a portfolio of assets in the United Kingdom. The other terms and conditions of these financial instruments remain unchanged and the changes made are considered "economically equivalent". The changes in the benchmark rates in 2021 have no impact on the Group's IFRS consolidated financial statements.

- amendments to IFRS 16 "Reductions in rents linked to Covid-19 beyond 30 June 2021", adopted by the European Union on 30 August 2021. 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 adopted by the European Union whose application is possible from 1 January 2021, but not anticipated by the Group:

- amendments to IAS 37 "Costs to be taken into account in determining whether a contract is onerous", adopted on 28 June 2021; 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
- amendments to IAS 16 "Tangible fixed assets - Proceeds before intended use", adopted on 28 June 2021; the effective date is 1 January 2022 according to the IASB
- amendments to IFRS 3 "Update of the reference to the Conceptual Framework", adopted on 28 June 2021; the effective date is 1 January 2022 according to the IASB
- annual improvements (cycle 2018-2020) "Annual Improvements to IFRS Standards 2018-2020", adopted on 28 June 2021; the effective date is 1 January 2022 according to the IASB
- IFRS 17 and "Insurance contracts" amendments, adopted on 19 November 2021; The effective date 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.

New standards awaiting adoption by the European Union whose application is possible from 1 January 2021, 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 8 "Definition of Accounting Estimates", published on 12 February 2021; the effective date is 1 January 2023 according to the IASB. These amendments aim to facilitate the distinction between accounting methods and accounting estimates
- amendments to IAS 12 "Deferred tax related to assets and liabilities arising from the same transaction", published on 7 May 2021; the effective date is 1 January 2023 according to the IASB. This amendment clarifies how entities must account for deferred taxes on transactions such as leases and decommissioning obligations
- amendments to IAS 1 "Presentation of financial statements - Practice Statement 2 - Disclosure of Accounting Policies", published on 12 February 2021; the effective date is 1 January 2023 according to the IASB. The purpose of these amendments is to help companies identify useful information on accounting methods to users of financial statements.

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

- 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.

In addition, in April 2021, the IFRS Interpretation Committee finalised its decision Granting benefits to periods of service (IAS 19), which clarifies the period during which the obligation relating to certain defined-benefit pension plans must be recognised. When the plan provides for the payment of an indemnity to an employee, if he or she is present at the date of his retirement, the amount of which depends on the length of service and is capped at a certain number of years of service, IFRS IC considered that the obligation should only be made for the years of service preceding retirement for which the employee generates a right to the benefit (IFRIC Update 05/21). The alternative approach, which consists of allocating the benefit to the employee's entire career (without taking into account the ceiling for calculating the compensation) was not deemed acceptable. The impact of the change in method is not material at Group level. Given the insignificant nature of the impact at the beginning of 2021, the 2020 financial statements have not been restated.

In April 2021, the IASB validated the IFRS Interpretation Committee's position on the recognition of configuration and customisation costs for software provided by a supplier in SaaS (Software as a Service) mode. Only services resulting in the creation of an additional controlled code may be eligible for capitalisation as intangible fixed assets, the others being recognised as expenses. This decision has no impact on the consolidated financial statements.

4.2.1.2 Estimates and judgements

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

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

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

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

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

4.2.1.3 Taking into account the effects of climate change

In 2021, Covivio announced a new carbon trajectory and raised its ambitions to achieve a 40% reduction in greenhouse gas emissions by 2030, thus also raising the targets for Covivio Hotels. This objective, which concerns all scopes 1, 2 and 3, covers all activities in Europe and the entire life cycle of assets: materials, construction, restructuring and operation.

Covivio Hotels continued its drive in terms of building certification: the proportion of assets with HQE, BREAM, LEED or equivalent certification, in operation and/or under construction, reached 80%. This strategy actively contributes to achieving the new carbon trajectory. It is accompanied by a commitment to work hand in hand with its clients to achieve its objectives by relying on its strong partnerships.

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

4.2.1.4 Operating segments (IFRS 8)

The operating segments of the Covivio Hotels Group are detailed in Section 4.2.8.1.

4.2.1.4 IFRS 7 – Reference table

Market risk	§ 4.2.2.6
Liquidity risk	§ 4.2.2.2
Financial expense sensitivity	§ 4.2.2.3
Sensitivity of the fair value of investment properties	§ 4.2.5.1.3
Counterparty risk	§ 4.2.2.4
Covenants	§ 4.2.5.12.7
Exchange rate risk	§ 4.2.2.7

4.2.2 Financial risk management

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

4.2.2.1 Marketing risk for properties under development

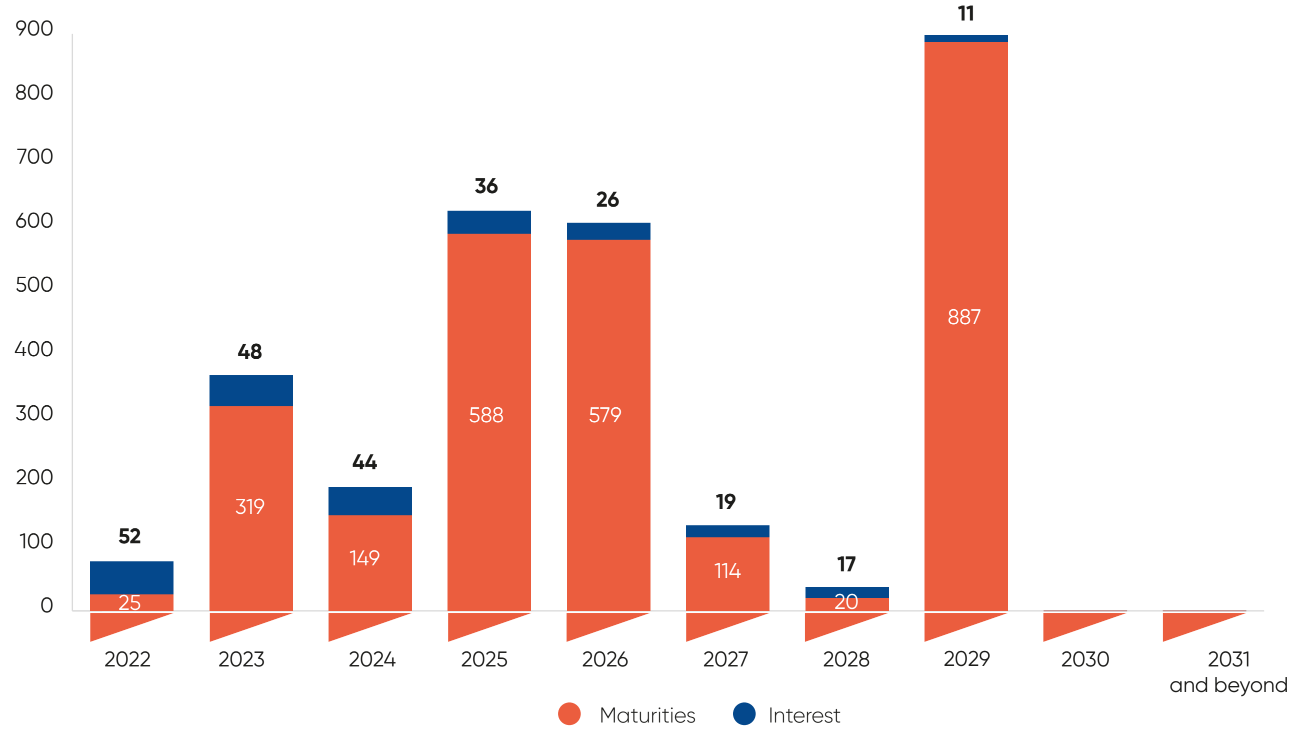
The Group is involved in property development. As such, it is exposed to a number of different risks, particularly risks associated with construction costs, completion delays and the marketing of properties. These risks can be assessed in light of the schedule of assets under development (see § 4.2.5.1.4).

The Hotel Plaza Nice (Roco portfolio) is an asset under development acquired in the third quarter of 2020 with delivery forecast for the second half of 2022.

4.2.2.2 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 2021, Covivio Hotels' available cash and cash equivalents amounted to €541 million, including €353 million in confirmed credit lines, €145 million in short-term investments and cash equivalents and €42 million in granted unused overdraft facilities.

The graph below shows the maturities of borrowings (in € million) including interest expenses as at 31 December 2021.



Covivio Hotels Group debt totalled €2,680.7 million as at 31 December 2021 (see 4.2.5.12).

The interest payable up to the extinguishing of all the debt, estimated based on the outstanding amount as at 31 December 2021 and the average interest rate on debt, totalled €253 million.

Details of the debt maturities are provided in Note 4.2.5.12.3, and a description of the banking covenants and accelerated payment clauses included in the loan agreements is presented in Note 4.2.5.12.7.

4.2.2.3 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 4.2.5.12.5). As at 31 December 2021, after taking interest rate swaps into account, an average of 81.1% of the group's debt was actively hedged, and the bulk of the remainder was covered by interest rate caps, which resulted in the following sensitivity to changes in interest rates:

- the impact of an increase of 100 BPS on the rates at 31 December 2021 is -€3.4 million on cost of debt Group share for 2022
- the impact of an increase of 50 BPS on the rates at 31 December 2021 is -€1.5 million on the cost of debt Group share for 2022
- the impact of a decrease of 50 BPS on the rates at 31 December 2021 is +€1.4 million on the cost of debt Group share in 2022.

4.2.2.4 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 2021, the amount is -€0.1 million compared to -€2.6 million at 31 December 2020.

4.2.2.5 Lease counterparty risk

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

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

Following the pandemic that occurred in 2020, and continued into the 2021 fiscal year, 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 of €37.3 million, mainly related to the 2021 receivables (not due) of the portfolio in the United Kingdom for €29 million, linked to the credit notes for the 2021 fiscal year for €51 million and the granting of new deferred payments (€4 million). However, given the financial strength of our tenants, only the receivables of two tenants were fully impaired for an amount of €13 million. Additional impairments of €1 million were recorded for deferred payments due in 2022.

4.2.2.6 Risk related to changes in the value of the portfolio

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

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

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

The 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 likelihood of the application of major underperformance clauses on the portfolio in the United Kingdom for the hotels concerned.

The sensitivity of the fair value of investment properties to changes in rental values and/or capitalisation rates is analysed in § 4.2.5.1.3.

4.2.2.7 Foreign exchange risk

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

	31/12/2021 (in £M)	5% decrease in the GBP/EUR exchange rate (in €M)	10% decrease in the GBP/EUR exchange rate (in €M)
Portfolio	663	-33.6	-69.8
Debt	400	21.8	43.7
CROSS CURRENCY SWAP	**250**	**13.6**	**27.3**

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

4.2.2.8 Risk related to changes in the value of shares and bonds

The Group is exposed to risks for two classes of shares (see § 4.2.5.3.2):

- 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 private placement in May 2015, an inaugural bond issue in September 2018 and a new bond issue in July and November 2021 for €599 million, the characteristics of which are presented in § 4.2.5.12.4.

4.2.2.9 Tax environment

4.2.2.9.1 Tax risks

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

As of 31 December 2021, no major risk was identified; no significant provision has been made.

4.2.2.9.2 Deferred taxes

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

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

4.2.3 Scope of consolidation

4.2.3.1 Accounting principles relating to the scope of consolidation

Consolidated subsidiaries and structured entities – IFRS 10

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

The Covivio Hotels Group has control when it:

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

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

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

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

- the number of voting rights that the Group holds compared to the number of rights held respectively by the other holders of voting rights and their distribution
- the potential voting rights held by the Group, other holders of voting rights or other parties
- the rights under other contractual agreements
- the other facts and circumstances, where applicable, which indicate that the Group has or does not have the 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.

4.2.3.2 Changes in scope

There was no change in scope at 31 December 2021.

4.2.3.3 List of consolidated companies

172 companies	Country	Business sector	Consolidation method in 2021	% interest 2021	% held in 2020
SCA Covivio Hotels	**France**	**Multi-business**	**Parent company**	**-**	**-**
SLIH HIR	France	Operating Properties	FC	100.00	100.00
SLIH HG	France	Operating Properties	FC	100.00	100.00
SLIH HDB	France	Operating Properties	FC	100.00	100.00
SLIH GHB	France	Operating Properties	FC	100.00	100.00
SLIH CP	France	Operating Properties	FC	100.00	100.00
SLIH AD	France	Operating Properties	FC	100.00	100.00
Ingrid Hotels SpA (Roco Italy)	Italy	Hotels	FC	100.00	100.00
Dei Dogi Venice Propco Srl (Roco Italy)	Italy	Hotels	FC	100.00	100.00
Bellini Venice Propco Srl (Roco Italy)	Italy	Hotels	FC	100.00	100.00
Palazzo Gaddi Florence Propco Srl (Roco Italy)	Italy	Hotels	FC	100.00	100.00
Palazzo Naiadi Rome Propco Srl (Roco Italy)	Italy	Hotels	FC	100.00	100.00
Société nouvelle de l'hôtel Plaza Sas (opco Nice) (Roco France)	France	Operating Properties	FC	100.00	100.00
Ste Immobilière Verdun Sas (Roco France)	France	Hotels	FC	100.00	100.00
Ingrid France Sarl (Roco France)	France	Hotels	FC	100.00	100.00
New York Palace PropCo Ltd (Roco Hungary)	Hungary	Hotels	FC	100.00	100.00
SC Czech AAD, sro (Roco Czech Republic)	Czech Rep.	Hotels	FC	100.00	100.00
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 operation)	United Kingdom	Hotels	FC	100.00	100.00
Oxford Thames Limited (Rocky operation)	United Kingdom	Hotels	FC	100.00	100.00
SAS Samoëns	France	Hotels	FC	50.10	50.10
Blythswood Square Hotel Glasgow Holdco Ltd (Rocky operation)	United Kingdom	Hotels	FC	100.00	100.00
George Hotel Investments Holdco Ltd (Rocky operation)	United Kingdom	Hotels	FC	100.00	100.00
Grand Central Hotel Company Holdco Ltd (Rocky operation)	United Kingdom	Hotels	FC	100.00	100.00
Lagonda Leeds Holdco Ltd (Rocky operation)	United Kingdom	Hotels	FC	100.00	100.00
Lagonda Palace Holdco Ltd (Rocky operation)	United Kingdom	Hotels	FC	100.00	100.00
Lagonda Russell Holdco Ltd (Rocky operation)	United Kingdom	Hotels	FC	100.00	100.00
Lagonda York Holdco Ltd (Rocky operation)	United Kingdom	Hotels	FC	100.00	100.00
Oxford Spires Hotel Holdco Ltd (Rocky operation)	United Kingdom	Hotels	FC	100.00	100.00
Oxford Thames Holdco Ltd (Rocky operation)	United Kingdom	Hotels	FC	100.00	100.00
Roxburghe Investments Holdco Ltd (Rocky operation)	United Kingdom	Hotels	FC	100.00	100.00
The St David's Hotel Cardiff Holdco Ltd (Rocky operation)	United Kingdom	Hotels	FC	100.00	100.00
Wotton House Properties Holdco Ltd (Rocky operation)	United Kingdom	Hotels	FC	100.00	100.00
Blythswood Square Hotel Glasgow Ltd (Rocky - Propco operation)	United Kingdom	Hotels	FC	100.00	100.00
George Hotel Investments Ltd (Rocky – Propco operation)	United Kingdom	Hotels	FC	100.00	100.00
Grand Central Hotel Company Ltd (Rocky – Propco operation)	United Kingdom	Hotels	FC	100.00	100.00

172 companies	Country	Business sector	Consolidation method in 2021	% interest 2021	% held in 2020
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 operation)	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 Hotel Berlin Betriebs (Westin Berlin) – Rock	Germany	Operating Properties	FC	94.90	94.90
Berlin II (Propco Park Inn Alexanderplatz) – Rock	Germany	Operating Properties	FC	94.90	94.90
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
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

172 companies	Country	Business sector	Consolidation method in 2021	% interest 2021	% held in 2020
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
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
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

172 companies	Country	Business sector	Consolidation method in 2021	% interest 2021	% held in 2020
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
B&B Invest Lux 6	Germany	Hotels	liquidated	-	93.00
Foncière Manon	France	Hotels	UTA	-	100.00
Foncière Ulysse	France	Hotels	UTA	-	100.00
Ingrid Holdco Srl (Roco Italy)	Italy	Hotels	merged	-	100.00
Anitah Srl (Roco Italy)	Italy	Hotels	merged	-	100.00
Rossellini S.a.rl (Roco Luxembourg)	Luxembourg	Hotels	merged	-	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 172 companies in the Covivio Hotels Group, including 136 fully consolidated companies and 36 equity affiliates.

4.2.3.4 Assessment of control

OPCI Foncière B2 Hôtel Invest (consolidated structured entity)

OPCI Foncière B2 Hôtel Invest, 50.2% owned by Covivio Hotels as at 31 December 2021, 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 50.10% owned by Covivio Hotels as of 31 December 2021 and in partnership with Assurances Crédit Mutuel (49.9%).

As 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.

The Club Med Samoëns asset is the subject of a preliminary sale agreement as of 31 December 2021.

4.2.4 Significant events of the period

Significant events during the period were as follows:

4.2.4.1 Business recovery

As the first half-year was still marked by numerous lockdown measures in Europe, the recovery of activity was mainly observed in the second half with occupancy rates rising sharply but remaining below the activity of the 2019 fiscal year. This resumption of activity resulted in the following main elements;

- the increase in variable rental income of €10.7 million on the ACCOR portfolio and €12 million in rents on the portfolio in the United Kingdom; as a reminder, as of 31 December 2020, no rental income has been recognised on UK assets due to the activation of the major underperformance clause
- the €13.6 million increase in income from hotels under management, mainly due to the gradual recovery in activity in the second half of the year
- in the context of the end of the crisis, the fixed rents in stages of the Roco portfolio (€5.2 million) and Radisson Blue (€0.6 million) were linearised.

It should be noted that the hotels under management benefited from government aid and short-time working arrangements amounting to €16.8 million.

The appraisal values of hotel leases were broadly stable compared to 31 December 2020.

At 31 December 2021, impairment tests on the Operating Properties assets gave rise to writedowns of the goodwill on three hotels in France for a total of -€17.9 million.

4.2.4.2 Assets under development

One asset, the Nice Plaza hotel, is being developed and its delivery is scheduled for the second half of 2022 (see 4.2.5.1.4).

4.2.4.3 Asset disposals

During 2021, the Covivio Hotels Group sold assets for €69.2 million net of costs, in line with the value of the sales agreements signed in 2020 (see 4.2.6.3).

These disposals concern 14 Jardiland assets for €49.4 million, seven Courtepaille assets for €7.9 million and an IBIS hotel in France for €12.6 million.

4.2.4.4 Disposal agreements

As of 31 December 2021, preliminary sales agreements amounted to €154.8 million, including Le Club Med Samoëns for €124.3 million, an ACCOR hotel in Switzerland for €8.8 million, five Courtepaille assets for €2.7 million and a hotel in Spain for €19 million.

4.2.4.5 Capital increase and debt refinancing

In June 2021, Covivio Hotels carried out a capital increase for €248 million (net of costs).

This capital increase was used to repay a bond debt (€186.6 million) and the loans taken out for the acquisition of the Roco portfolio in September 2020 (€175 million).

In July and November 2021, Covivio Hotels issued new bonds for €599 million. The latter was used to refinance several debts whose maturity was relatively close.

4.2.5 Notes to the statement of financial position

4.2.5.1 Portfolio

4.2.5.1.1 Accounting principles relating to tangible and intangible assets

Business combinations (IFRS 3) and goodwill from acquisitions

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

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

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

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

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

As of 31 December 2021, impairment tests led to the impairment of goodwill on three hotels operated under Operating Properties (€17.9 million) in France.

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.

Promotion of the Club Méditerranée holiday village in Portugal

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

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 m^2 of comparable transactions and transactions carried out by the Group.

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

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

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

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.

Assets under development (IAS 40)

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

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

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

Right-of-use (IFRS 16)

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

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

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

Tangible fixed assets (IAS 16)

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

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

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

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

Non-current assets held for sale (IFRS 5)

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

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

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

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

4.2.5.1.2 Table of changes in fixed assets

(€K)	31/12/2020	Increases/ Charges	Disposals	Change in fair value	Transfers	Change in exchange rate	31/12/2021
Intangible fixed assets	**135,281**	**-17,824**	**3**	**0**	**-37**	**-0**	**117,423**
Goodwill	135,086	-17,886	0	0	-1	0	117,199
Other intangible fixed assets	195	62	3	0	-36	-0	223
Gross amounts	2,165	174	-68	0	-36	0	2,235
Depreciation	-1,970	-112	71	0	0	-0	-2,011
Tangible fixed assets	**1,046,493**	**-17,077**	**-268**	**0**	**36**	**0**	**1,029,184**
Operating properties	1,017,972	-19,607	-3	0	7,873	0	1,006,235
Gross amounts	1,302,756	14,243	-799	0	8,448	0	1,324,648
Depreciation	-284,784	-33,850	796	0	-575	-0	-318,413
Other tangible fixed assets	24,433	-6,534	-265	0	333	0	17,967
Gross amounts	148,013	1,932	-1,258	0	469	0	149,156
Depreciation	-123,580	-8,466	993	0	-136	0	-131,189
Under construction assets	4,088	9,064	0	0	-8,170	0	4,982
Investment properties	**5,052,610**	**53,461**	**-37,120**	**-38,387**	**-113,899**	**68,097**	**4,984,763**
Investment properties	5,001,696	35,272	-37,120	-22,556	-113,899	68,097	4,931,491
Assets under development	50,914	18,189	0	-15,831	0	0	53,272
Assets held for sale	**50,955**	**-206**	**-31,955**	**22,093**	**113,900**	**0**	**154,787**
TOTAL	**6,285,339**	**18,355**	**-69,340**	**-16,294**	**0**	**68,097**	**6,286,157**

Intangible fixed assets

Goodwill for hotels in the Operating Properties business amounted to €117.2 million and decreased by €17.9 million following impairment tests on three hotels in France.

At 31 December 2021, goodwill sensitivity tests were carried out. A decrease of 2.5% in appraisal values would result in additional impairment of €2 million and a decrease of 5% in values would result in additional impairment of €4.3 million.

Tangible fixed assets

The assets of the hotels held as operating properties totalled €1,029.2 million at 31 December 2021. They are recognised in the "Tangible fixed assets" line item. In accordance with IFRS, the owner occupied buildings do not meet the definition of investment property and are measured and recognised at amortised cost.

The column for increases and depreciation of tangible fixed assets (-€17.1 million) mainly includes:

- work on the Operating Properties portfolio in Germany for €12 million
- work carried out on a portfolio of hotels operated in France for €6.9 million
- work carried out on the Hilton Dublin for €1.8 million
- work on the Crowne Plaza hotel in Brussels for €1.3 million
- work on the other Operating Properties portfolios for €2.8 million
- depreciation and amortisation for the period for -€42.3 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.

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

- the increase in the right to use an asset in Italy following the extension of the contract term (+€23 million)
- the impact of rent-free periods net of linearisations for €1.6 million
- work for €5.2 million on Accor and B&B hotels in France
- work for €4.6 million on the hotels in the Roco portfolio.

Disposals of €69.3 million relate to the sale of 14 Jardiland assets, 7 Courtepaille assets and an Ibis hotel in Aubervilliers.

The change in fair value (-€16.3 million) over the fiscal year shows a certain stability in values.

It should be noted that the value of the portfolio located in the United Kingdom fell by nearly -6.4% but was offset by the appreciation of the pound over the year (+7.2%).

The amount of the "Disbursements related to acquisitions of tangible and intangible fixed assets" line item in the Statement of Cash Flows totalled €73.7 million. It corresponds to the total of the "Increases" column, ignoring the impact of charges (-€60.2 million) of the table of changes in fixed assets (+€78.4 million) restated for the change in trade payables on fixed assets (-€3.3 million) and the impact of the step rental schemes and rent relief in the United Kingdom included in the appraisal values (-€1.4 million).

4.2.5.1.3 Appraisal parameter

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

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

Grouping of comparable assets	Level	Yield rate (min.–max.)	Yield rate (weighted average)	DCF discount rate	Average discount rate	Appraisal value (in €M)
Germany	Level 3	4.0% -5.4%	4.6%	4.0% -6.4%	5.2%	658
Belgium	Level 3	5.4% -6.8%	6.2%	6.9% -8.4%	7.7%	242
Spain	Level 3	3.9% -7.8%	5.1%	5.2% -8.7%	6.3%	630
France	Level 3	3.5% -6.7%	4.6%	4.3% -7.8%	5.8%	1,741
Netherlands	Level 3	4.7% -6.0%	5.0%	5.9% -7.8%	6.2%	157
United Kingdom	Level 3	4.0% -6.3%	4.7%	6.4% -9.5%	7.1%	785
Others	Level 3	5.5% -6.8%	5.8%	6.1% -8.0%	6.9%	562
Hotel lease properties	Level 3	3.5% -7.8%	4.9%	4.0% -9.5%	6.3%	4,776
Other activities (non-material)	Level 3	5.5% -13.3%	6.7%	6.6% -16.6%	8.2%	61
Total in operation						**4,837**
Development portfolio	Level 3	4.5%	4.5%	5.5%	5.5%	53
Rights-of-use	Level 3					249
TOTAL						**5,140**

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

(€M)	Yield	Yield -50 BPS	Yield +50 BPS
Hotels in Europe	5.3%	506.3	-418.7
Total	5.3%	506.3	-418.7

- If the yield rate excluding taxes drops 50 BPS (-0.5 points), the market value excluding taxes of the real estate assets will increase by €506.3 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 €418.7 million.

4.2.5.1.4 Properties under development

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

(€K)	31/12/2020	Acquisitions and works*	Change in fair value	31/12/2021	Scheduled delivery date
Plaza Nice	50,914	18,189	-15,831	53,272	2nd half-year 2022
TOTAL	**50,914**	**18,189**	**-15,831**	**53,272**	

* Including financial expenses capitalised for €1.2 million.

The negative change in Fair Value is explained by budget overruns.

4.2.5.2 Financial assets

4.2.5.2.1 Accounting principles related to financial assets

Other financial assets

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

These securities are recognised upon acquisition at cost plus transaction costs. They are then recognised at fair value in the income statement on the closing date. The fair value is arrived at on the basis of recognised valuation techniques (reference to 4.2.5.2.2 Financial assets recent transactions, discounted future 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 closing date, loans are recorded at their amortised cost. Moreover, impairment is recognised and recorded on the income statement when there is an objective indication of impairment as a result of an event occurring after the initial recognition of the asset.

(€K)	31/12/2020	Increase	Decrease	Other changes	31/12/2021
Ordinary loans (1)	67,095	70	-531	0	66,633
Total loans and current accounts	**67,095**	**70**	**-531**	**0**	**66,633**
Securities valued at historical cost (2)	202	0	0	-2	200
Total other financial assets	**202**	**0**	**0**	**-2**	**200**
TOTAL	**67,297**	**70**	**-531**	**-2**	**66,833**

(1) Ordinary loans mainly comprise subordinated loans to the equity affiliates in the amount of €62.2 million and security deposits paid to municipal authorities in Spain (€3.2 million).

(2) Investment in an unconsolidated company.

4.2.5.3 Investments in equity affiliates and joint ventures

4.2.5.3.1 Accounting principles related to investments

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

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

4.2.5.3.2 Table of investments in equity affiliates and joint ventures

(€K)	% held	31/12/2021	31/12/2020	Share of net income	Dividend payments
IRIS Holding France	19.90%	17,997	17,903	98	-0
OPCI IRIS INVEST 2010	19.90%	29,245	26,385	3,603	-743
OPCI CAMPINVEST	19.90%	22,877	21,564	2,121	-807
SCI Dahlia	20.00%	18,470	17,618	851	0
OPCI OTELI (Phoenix)	31.15%	66,746	65,061	2,359	-675
KOMBON (Phoenix)	33.33%	29,051	27,747	1,304	0
JOURON (Phoenix)	33.33%	11,429	11,075	354	0
TOTAL		**195,815**	**187,354**	**10,691**	**-2,226**

Investments in equity affiliates totalled €195.8 million as at 31 December 2021, compared with €187.4 million as at 31 December 2020. The variation in income (€10.7 million) includes a change in fair value of €5.4 million and an increase in variable rents following the resumption of activity in the second half of 2021.

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. At 31 December 2021, there were two assets under promise for a value of €9 million.

4.2.5.3.3 Breakdown of the shareholding structure of the main equity affiliates and joint ventures

	IRIS Holding France	OPCI IRIS INVEST 2010	OPCI CAMPINVEST	SCI Dahlia	OPCI OTELI (Phoenix)	KOMBON SAS (Phoenix)	JOURON SPRL (Phoenix)
Covivio Hotels Group							
Covivio Hotels	19.9%	19.9%	19.9%	20.0%	31.15%	33.33%	33.33%
Non-Group third parties							
Predica	80.1%	80.1%	68.8%	80.0%			
Pacifica			11.3%				
Sogecap					31.15%	33.33%	33.33%
Caisse Dépôt Consignation					37.7%	33.33%	33.33%

4.2.5.3.4 Main 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	223,903	200,604	22,456	19,565	3,598	110,166	4,536	-2,981	491
OPCI IRIS INVEST 2010	264,081	242,550	18,470	0	6,203	110,915	8,660	-2,097	18,107
OPCI CAMPINVEST	192,549	173,480	16,243	0	687	76,900	11,996	-1,615	10,660
SCI Dahlia	167,856	162,994	3,597	0	1,361	74,146	3,950	-1,641	4,257
OPCI OTELI	341,621	319,387	10,690	0	12,586	114,763	11,362	-1,425	7,573
KOMBON SAS	164,365	160,091	3,401	16,566	757	59,889	1,800	-705	3,912
JOURON SPRL	42,801	40,849	1,951	6,237	450	1,827	770	-27	1,063

4.2.5.4 Deferred taxes at closing

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.

(€K)	Balance sheet at 31/12/2020	Increases: Net income for the period	Increases: Difference in rates	Decreases: Net income for the period	Decreases: Change in exchange rate	Transfers	Balance sheet at 31/12/2021
DTA on losses carried forward	32,227	6,285		-12,402		25	26,135
DTA on fixed asset FV	7,625	24	1,641	-6,831	254		2,713
DTA on cash instruments FV	2,287	0		-1,546			741
DTA on temporary differences	3,955	1,518		-2,683		-3	2,787
	46,095	**7,827**	**1,641**	**-23,462**	**254**	**22**	**32,379**
DTA/DTL offset	-16,189			1,448			-14,741
DTA TOTAL	**29,906**	**7,827**	**1,641**	**-22,014**	**254**	**22**	**17,634**

(€K)	Balance sheet at 31/12/2020	Increases: Net income for the period	Increases: Difference in rates	Decreases: Net income for the period	Decreases: Change in exchange rate	Transfers	Balance sheet at 31/12/2021
DTL on fixed asset FV	249,651	19,030	10,544	-12,113	2,297	-909	268,500
DTL on cash instruments FV	0						0
DTL on temporary differences	4,618	2,400		-7,404	-5	1,015	624
	254,269	**21,430**	**10,544**	**-19,517**	**2,292**	**106**	**269,125**
DTA/DTL offset	-16,189			1,448			-14,741
DTL TOTAL	**238,080**	**21,430**	**10,544**	**-18,069**	**2,292**	**106**	**254,384**

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 €178.5 million and the Operating Properties segment for €81.9 million.

The Hotels segment increased from €152.3 million to €178.5 million, notably as a result of the DTA writeback and the change in rates in the United Kingdom (€9 million).

The Operating Properties segment increased from €55.9 million to €67.6 million in net deferred tax due to a correction on tax loss carryforwards (€11 million).

The Operating Properties companies have recognised tax losses of €74.6 million. These are mainly at Airport Garden (€26.3 million) and the Rock portfolio (€43.1 million).

The non-recognised tax loss carryforwards, calculated at the standard rate, amounted to €519.7 million, as detailed below:

(€K)	Non-recognised DTA	Non-recognised tax loss carryforwards
Lease properties	65,014	257,082
Foncière Iris SAS	72,670	262,584
GROUP TOTAL	**137,684**	**519,666**

4.2.5.5 Short-term loans

(€K)	31/12/2020	Change in scope and change of method	Increase	Decrease	31/12/2021
Short-term loans	1,763	0	398	-1,765	397
Accrued interest on swaps	1,090	0	2,549	-1,091	2,548
TOTAL	**2,853**	**0**	**2,947**	**-2,856**	**2,945**

Short-term borrowings comprise accrued interest on loans for €0.4 million and interest on swaps for €2.5 million.

4.2.5.6 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)	31/12/2020	Change	31/12/2021
Inventories of raw materials and other supplies	1,712	112	1,823
TOTAL INVENTORIES AND WORK-IN-PROGRESS	**1,712**	**112**	**1,823**

The slight increase in inventories is in line with the gradual recovery of activity in the Operating Properties segment in the second half of 2021.

4.2.5.7 Trade receivables

4.2.5.7.1 Accounting principles related to trade receivables

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

Receivables from operating lease transactions

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

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

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

Receivables of hotels under operation

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

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

4.2.5.7.2 Table of trade receivables

(€K)	31/12/2021	31/12/2020	Change
Expenses to be reinvoiced to tenants	4,034	1,524	2,510
Gross trade receivables	*74,407*	*36,373*	*38,034*
Impairment of trade receivables	*-16,947*	*-15,155*	*-1,792*
Invoices to be issued	*4,779*	*6,210*	*-1,431*
Net trade receivables	62,239	27,428	34,811
NET TOTAL TRADE RECEIVABLES	**66,273**	**28,952**	**37,321**

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 €74.4 million at 31 December 2021, mainly comprise:

- trade receivables from the Operating Properties segment for €5.2 million, including prepaid rents
- trade receivables from the Hotels segment for €69.2 million of which:
  - €29.3 million in receivables on the UK portfolio. It should be noted that due to the implementation of the major underperformance clause, accrued credit notes have been recognised and appear as liabilities on the balance sheet
  - €22.5 million in deferred rents in Spain, France, Italy and Germany
  - €13.9 million in unpaid rent in Spain and France, fully impaired.

Impairment of trade receivables amounted to €17 million. They mainly concern Spain for €13.6 million and France for €2.5 million (Retail).

The invoices to be issued for €4.8 million include in particular €2 million of ACCOR variable rents and €1.4 million for the Operating Properties segment.

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

(€K)	31/12/2021	31/12/2020
Impact of changes in inventories and work in progress	-112	556
Impact of changes in trade & other receivables	-38,619	1,902
Impact of changes in trade & other payables	33,774	-7,089
CHANGE IN WCR ON CONTINUING OPERATIONS	**-4,958**	**-4,630**

Changes in trade receivables are mainly due to deferred payments and portfolio receivables in the United Kingdom (-€29 million).

The changes in trade payables are mainly due to the increase in credit notes on the United Kingdom portfolio for €51 million compared to €20 million at 31 December 2020.

4.2.5.8 Other receivables

(€K)	31/12/2021	31/12/2020	Change
Tax receivables	8,438	9,878	-1,440
Other tax receivables	19,007	34,230	-15,223
Other receivables	14,389	12,434	1,955
Security deposits received	82	82	0
Current accounts	5,617	3,221	2,396
TOTAL TAX RECEIVABLES AND OTHER RECEIVABLES	**47,533**	**59,844**	**-12,311**

Other tax receivables (€19 million) mainly concern VAT receivables (€15 million) and a receivable on withholding tax in connection with the distribution of Rock Lux, which should be repaid in 2022 (€3.1 million).

The -€15 million change is mainly due to repayments obtained during the year, in particular on the portfolio in the United Kingdom (-€5.9 million) and in Poland (-€4.9 million).

The other receivables item (€14.4 million) consists in particular of State aid for the Operating Properties business (€3.7 million), the minimum guaranteed rent to be received on the Pullman Roissy (€2 million) and advances on works on the Méridien Nice for €2 million.

The change in current accounts (+€2.4 million) comes mainly from the Oteli OPCI.

4.2.5.9 Prepaid expenses

Prepaid expenses concern the Operating Properties business for €0.9 million and the Hotel lease properties for €0.3 million.

4.2.5.10 Cash and cash equivalents

4.2.5.10.1 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.

4.2.5.10.2 Statement of cash and cash equivalents

(€K)	31/12/2021	31/12/2020
Cash equivalents	2,207	912
Cash at bank	142,974	100,847
GROSS CASH	**145,181**	**101,759**

At 31 December 2021, 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.

4.2.5.11 Shareholders' equity

4.2.5.11.1 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.

4.2.5.11.2 Change in shareholders' equity

The statement of changes in shareholders' equity and movements in the share capital are presented in Note 3.1.4.

The Combined General Meeting of 8 April 2021 approved the payment of an ordinary dividend of €34.5 million, *i.e.* a dividend of €0.26 per share.

On 14 June 2021, a capital increase of €248.1 million net of fees was carried out. 15,593,836 new shares were created (par value of €4 and premium of €12). Share capital stood at €592.6 million as at 31 December 2021. Reserves correspond to parent company retained earnings and reserves, together with reserves from consolidation.

The €0.6 million change in currency translation differences recorded directly under net position mainly comprises the following:

- effect of exchange rate fluctuations, mainly the pound sterling for €28.8 million (the closing rate was €1.185 compared to €1.105 at the beginning)
- effect of the change in the Hungarian Forint and the Czech Koruna for €2.1 million
- impact of net 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 (-€8.4 million)
  - the change in fair value of the cross currency swap as a result of the currency movement (-€21.9 million).

At 31 December 2021, the share capital consisted of 148,141,452 fully paid-up shares with a par value of €4.00.

Transaction	Shares issued	Treasury shares	Shares outstanding
Number of shares at 31 December 2020	**132,547,616**	**15,740**	**132,531,876**
Capital increase	15,593,836		
Own shares – liquidity agreement		-6,924	
Number of shares at 31 December 2021	**148,141,452**	**8,816**	**148,132,636**

The line "Amounts paid by the shareholders of the parent company" in the Statement of Cash Flows amounts to €248 million and corresponds to the capital increase of Covivio Hotels on 14 June 2021.

The line "Amounts paid by non-controlling interests" in the Statement of Cash Flows amounts to €1.4 million in respect of the increase in the premiums of non-controlling interests on the Rock portfolio (Operating Properties).

4.2.5.12 Statement of liabilities

4.2.5.12.1 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, which is described as net foreign investment hedging.

4.2.5.12.2 Table of debt

(€K)	31/12/2020	Increase	Decrease	Change in exchange rate	Other changes	31/12/2021
Bank borrowings	2,137,508	31,813	-686,839	23,557	0	1,506,039
Bonds	736,553	599,000	-186,553	0	0	1,149,000
Finance lease borrowing	11,166	1	-2,937	0	1	8,231
Other borrowings [(1)]	18,404	0	-999	0	5	17,410
Subtotal interest-bearing loans	**2,903,631**	**630,814**	**-877,328**	**23,557**	**6**	**2,680,680**
Accrued interest	12,597	14,790	-12,563	0	3	14,827
Deferral of loan expenses	-18,770	6,388	-5,058	110	0	-17,330
Creditor banks	12,458	0	0	0	-11,536	922
Total Borrowings (Lt/St)	**2,909,916**	**651,992**	**-894,949**	**23,667**	**-11,527**	**2,679,099**
of which Long-term	*2,681,356*	*636,710*	*-656,504*	*23,665*	*-42,864*	*2,642,363*
of which Short-term	*228,560*	*15,282*	*-238,445*	*3*	*31,337*	*36,736*
Valuation of financial instruments	**106,148**				**-55,833**	**50,315**
of which Assets	*-39,850*				*15,311*	*-24,539*
of which Liabilities	*145,998*				*-71,144*	*74,853*
TOTAL BANK DEBT	**3,016,064**	**651,992**	**-894,949**	**23,667**	**-67,360**	**2,729,414**

(1) These are loans to partnerships from shareholders other than Covivio Hotels. At 31 December 2021, the balance of €17 million mainly comprised SAS Samoëns for €13.6 million, and the Rock companies in Germany in the Operating Properties business for €2.6 million.

The line "inflows related to new borrowings" in the cash flow statement (+€656.2 million) corresponds to the column Increase in interest-bearing borrowings (+€630.8 million), minus bond premiums (-€2.7 million), minus new expenses (-€2.4 million), plus the lease liability debt (+€30.4 million), mainly Naiadi Rome.

The "Repayments of borrowings" line item in the Statement of Cash Flows (-€884.8 million) corresponds to the decreases column for interest-bearing borrowings (-€877.3 million) plus the rental liabilities (-€7.5 million).

Net financial debt is presented below:

		31/12/2021	31/12/2020
Gross cash (a)	4.2.5.10.2	145,181	101,759
Debit balances and bank overdrafts from continuing operations (b)	4.2.5.12.2	-922	-12,458
Net cash and cash equivalents (c) = (a) - (b)		**144,259**	**89,301**
Gross debt (d)	4.2.5.12.2	2,695,507	2,916,228
Amortisation of financing costs (e)	4.2.5.12.2	-17,330	-18,770
Net debt (d) - (c) + (e)		**2,533,918**	**2,808,156**
Debit balances and bank overdrafts from continuing operations (b)		-922	-12,458

4.2.5.12.3 Bank loans

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

(€K)	Secured debt	Appraisal value 31/12/2021	Outstanding debt 31/12/2021	Date of signature	Initial amount of the debt	Maturity
	€178 million (2020) - PARKINN AP BERLIN		176,131	30/12/2019	178,000	30/12/2029
	€290 million (2017) – OPCI B2 HI (B&B)		123,323	10/05/2017	290,000	10/05/2024
	€278 million (2017) – RocaTierra (assets in Spain)		175,333	29/03/2017	277,188	29/03/2025
	£400 million (2018/2019) – Rocky (assets in the United Kingdom)		474,040	24/07/2018	475,145	24/07/2026
>€100M		**1,863,737**	**948,826**			
<€100M		**1,401,387**	**521,112**			
Total collateralised		**3,265,124** (1)	**1,469,939**			
	€599 million (2021) – Bonds		599,000	27/07/2021	599,000	27/07/2029
	€200 million (2015) – Private placement		200,000	29/05/2015	200,000	29/05/2023
	€350 million (2018) – Bonds		350,000	24/09/2018	350,000	24/09/2025
>€100M		**2,851,147**	**1,149,000**			
<€100M			**44,331**			
Total unencumbered		**2,851,147**	**1,193,331**			
	Other liabilities		17,410			
GRAND TOTAL		**6,116,271**	**2,680,680**			

(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 2021 was 1.94% (*versus* 1.99% at 31 December 2020).

Collateralised fixed assets represented 53.4% 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 31/12/2021	Maturity to -1 year	Outstandings at 31/12/2022	Maturity from 2 to 5 years	Maturity +5 years
Fixed-rate long-term financial liabilities	**1,305,859**	**1,930**	**1,303,930**	**625,041**	**678,889**
Bank borrowings and finance leases	139,449	1,321	138,128	58,239	79,889
Total Borrowings and bonds	**139,449**	**1,321**	**138,128**	**58,239**	**79,889**
Bonds	1,149,000	0	1,149,000	550,000	599,000
Total debts represented by securities	**1,149,000**	**0**	**1,149,000**	**550,000**	**599,000**
Other borrowings	**17,410**	**608**	**16,802**	**16,802**	**0**
Floating-rate financial debt	**1,374,820**	**23,024**	**1,351,796**	**1,009,690**	**342,106**
Bank borrowings and finance leases	1,374,820	23,024	1,351,796	1,009,690	342,106
Total Borrowings and bonds	**1,374,820**	**23,024**	**1,351,796**	**1,009,690**	**342,106**
TOTAL	**2,680,680**	**24,954**	**2,655,726**	**1,634,731**	**1,020,995**

4.2.5.12.4 Bonds

The characteristic features of bonds are as follows:

Features			
Issue date	29/05/2015	24/09/2018	27/07/2021-02/11/2021
Issue amount (in €M)	200	350	599
Partial reimbursement (in €M)	0	0	0
Nominal amount following partial redemption (in €M)	**200**	**350**	**599**
Nominal amount of a bond (in €)	200,000	100,000	100,000
Nominal amount of a bond after partial redemption (in €)	200,000	100,000	100,000
Number of units issued	1,000	3,500	5,990
Nominal rate	2.218%	1.875%	1.000%
Maturity	29/05/2023	24/09/2025	27/07/2029

The bond debt in the consolidated financial statements stood at €1,149 million at 31 December 2021.

The fair value of these bonds at 31 December 2021 was €1,148.4 million compared with €763.4 million at 31 December 2020.

The impact of the revaluation of the risk-free rate on fixed-rate borrowings as at 31 December 2021 was €0.6 million.

4.2.5.12.5 Derivatives

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

(€K)	31/12/2020 Net	Change in consolidation method	Restructuring payments	Impact on P&L	Shareholders' equity impact	31/12/2021 Net
Financial instruments	-106,150	0	8,134	69,643	-21,942	-50,315
					Cash instruments – Liabilities	**74,853**
					Cash instruments – Assets	**24,539**

In accordance with IFRS 13, the fair values include the counterparty default risk (CDA/DVA) for -€0.1 million as at 31 December 2021 compared with -€2.6 million as at 31 December 2020.

The "Unrealised gains and losses relating to changes in fair value" line in the Statement of Cash Flows (-€53.3 million), which makes it possible to calculate cash flows from operating activities, incorporates the impact of changes in the value of cash instruments (-€69.6 million) and the change in the value of Investment Properties (-€16.3 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 (-€4 million) includes payments for the restructuring of hedging transactions (-€8.1 million), minus the receipt of tenant security deposits (€4.1 million).

The -€21.9 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)	31/12/2021	less than 1 year	1 to 5 years	more than 5 years
Fixed hedge				
Fixed rate receiver swap	993,344	0	733,344	260,000
Fixed rate payer swap	2,020,733	0	756,733	1,264,000
Total swaps	**1,027,389**	**0**	**23,389**	**1,004,000**
Optional hedge				
Cap purchase	110,314	42,573	67,741	0
Floor purchase	28,000	0	0	28,000
Floor sale	13,000	0	13,000	0
TOTAL	**3,165,391**	**42,573**	**1,570,819**	**1,552,000**

Forward hedging instruments are not included in this table.

Hedging balance at 31 December 2021:

	Balance as at 31/12/2021	
(€K)	Fixed rate	Floating rate
Gross borrowings and financial debt	1,305,859	1,374,820
Creditor banks		922
Net financial liabilities before hedging	**1,305,859**	**1,375,742**
Fixed hedge: swaps	0	-1,027,389
Option hedge: caps	0	-110,314
Total hedges	**0**	**-1,137,703**
NET FINANCIAL LIABILITIES AFTER HEDGING	**1,305,859**	**238,039**

4.2.5.12.6 Rental liabilities

At 31 December 2021, the balance of rental liabilities amounted to €276 million in accordance with IFRS 16.

Interest expenses on these rental liabilities was €13.9 million in respect of 2021.

(€K)	31/12/2020	Increase	Decrease	Other changes	Change in exchange rate	31/12/2021
Long-term rental liabilities	236,678	27,491	-122	-4,010	10,780	270,818
Short-term rental liabilities	5,639	2,897	-7,429	4,010	65	5,182
TOTAL BANK DEBT	**242,317**	**30,388**	**-7,551**	**0**	**10,845**	**276,000**

The increase in rental liabilities mainly concerns the extension of the term of the Naiadi Rome contract (+€23 million) and long-term leases for assets located in the United Kingdom due to their indexation and their duration of more than one hundred years. The impact of the appreciation of the pound over the 2021 fiscal year is €10.8 million.

Maturities of rental liabilities:

(€K)	At 31/12/2021	less than 1 year	1 to 5 years	5 to 25 years	more than 25 years	Total Lt	Total
Hotels	249,503	4,625	13,786	50,850	180,242	244,877	249,503
Operating Properties	26,497	557	886	3,463	21,592	25,941	26,497
TOTAL RENTAL LIABILITIES	**276,000**	**5,182**	**14,672**	**54,312**	**201,833**	**270,818**	**276,000**

4.2.5.12.7 Banking 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 2021.

The most stringent ICR covenant was 200% as at 31 December 2021.

Out of prudence, Covivio Hotels requested and obtained a waiver from its lenders for a suspension of the ICR covenant as of 31 December 2021 for certain partnership companies.

The bank covenants of the Covivio Hotels Group are fully complied with as of 31 December 2021 and stand at 39.7% for the LTV Group share and 308% 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
€130 million (2019) – REF I	Covivio Hotels	≤60%	In compliance
€279 million (2017) – Roca	Covivio Hotels	<60%	In compliance
£400 million (2018) – Rocky	Covivio Hotels	≤60%	In compliance

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

Under the financing raised by Covivio Hotels and allocated to specific portfolios, these consolidated covenants usually go hand-in-hand with LTV "Scope" covenants relating to the 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.

4.2.5.13 Provisions for risks and charges

4.2.5.13.1 Accounting principles related to provisions for risks and charges

Retirement commitments

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

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

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

4.2.5.13.2 Provisions

			Reversal of provision		
(€K)	31/12/2020	Charges	Used	Unused	31/12/2021
Other provisions for disputes	696	179		-288	587
Provisions for taxes	7,755	1,159		0	8,914
Other provisions	1,064	286	-218	-381	752
Provisions subtotal – current liabilities	**9,515**	**1,624**	**-218**	**-669**	**10,253**
Provisions for retirement benefit	1,443	-135	0	-19	908
Provisions for long-service awards	104	0	0	-9	95
Provisions subtotal – non-current liabilities	**1,547**	**-135**	**0**	**-28**	**1,003**
TOTAL PROVISIONS	**11,062**	**1,489**	**-218**	**-697**	**11,256**

The €7.7 million in provisions for taxes relate to tax risks on the German portfolio in the Operating Properties business and tax risks in Italy for €1.2 million.

Reversals of other provisions mainly concern salary disputes related to the Roco portfolio for €0.6 million.

4.2.5.14 Other liabilities

(€K)	31/12/2021	31/12/2020	Change
Other long-term liabilities	10,454	6,621	3,833
Trade payables	33,722	30,079	3,643
Trade payables on fixed assets	12,856	9,425	3,431
Advances and pre-payments received, accrued credit notes	65,572	39,624	25,947
Tax liabilities	4,243	13,461	-9,218
Other short-term liabilities	31,119	35,013	-3,894
Current accounts – liabilities	554	120	434
TOTAL	**158,520**	**134,343**	**24,176**

Other long-term liabilities were security deposits received, €9.5 million of which were on assets in the hotel portfolio in Spain, and €1.0 million from Operating Properties business in France.

Trade payables concern the Operating Properties business for €16.5 million and the Hotel Lease Properties business for €17.2 million.

Trade payables on fixed assets relate to expenses related to work carried out on the assets.

The advances and down payments received include the receivables to be prepared on the Rocky portfolio rents for €51 million, and the credit notes to be prepared for €8 million for the Operating Properties business.

Other short-term debts (€31.1 million) mainly include a works payable (€9 million) vis-à-vis the hotel operator of the Roco portfolio, VAT tax liabilities of €9 million, and social security debts in the Operating Properties business for €9.3 million and a tax liability following the revaluation of assets in Italy (€2.2 million) on the Roco portfolio.

4.2.5.15 Recognition of financial assets and liabilities

Categories according to IFRS 9	Item concerned in the statement of financial position	31/12/2021 Net (in €K)	Amount given in the assessed Statement of Financial Position: Amortised cost	Fair Value through shareholders' equity	Fair Value through profit or loss	Fair value (in €K)
Long-term securities (non-current)	Non-current financial assets	200	200			200
Loans and receivables	Non-current financial assets	66,633	66,633			66,633
Loans and receivables	Trade receivables	66,274	66,274			66,274
Assets at fair value	Derivatives at fair value	24,539		0	24,539	24,539
Assets at fair value	Cash equivalents	2,207			2,207	2,207
TOTAL FINANCIAL ASSETS		**159,853**	**133,107**	**0**	**26,746**	**159,853**
Liabilities at amortised cost	Financial payables	2,680,680	2,680,680			2,680,298 (1)
Liabilities at fair value	Derivatives at fair value	74,853		0	74,853	74,853
Liabilities at amortised cost	Security deposits	10,454	10,454			10,454
Liabilities at amortised cost	Trade payables	46,578	46,578			46,578
TOTAL FINANCIAL LIABILITIES		**2,812,566**	**2,737,712**	**0**	**74,853**	**2,812,184**

(1) The difference between the net book value and the fair value of the fixed-rate debt is -€0.4 million (-€0.6 million for the loans detailed in 4.2.5.12.4 and €0.2 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		24,539		24,539
Cash equivalents		2,207		2,207
Total financial assets	**0**	**26,746**	**0**	**26,746**
Derivatives at fair value through profit or loss and OCI		74,853		74,853
Total financial liabilities	**0**	**74,853**	**0**	**74,853**

4.2.5.16 Accruals

(€K)	31/12/2021	31/12/2020	Change
Prepaid income and other accounts	3,144	6,307	-3,163
Differences in valuation liabilities	-0	0	-0
Treasury instruments liabilities (premiums)	-0	1	-1
TOTAL ACCRUALS	**3,144**	**6,307**	**-3,163**

Prepaid income mainly relates to prepaid rent invoices for the Hotel Lease Properties business (€1.9 million) and the Operating Properties business (€1.2 million).

The change is mainly due to the absence of the advance payment on the United Kingdom portfolio (-€1.6 million) and the balance of an indemnity on the Parkinn Alexanderplatz hotel related to the works (€1.7 million).

4.2.6 Notes to the statement of net income

4.2.6.1 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 (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.

4.2.6.2 Operating income

4.2.6.2.1 Rental income

Rent (in €K)	31/12/2021	31/12/2020	Change (in €K)	Change (in %)
Hotel lease properties	174,553	139,406	35,147	25.2%
Other activities (non-material)	6,318	11,891	-5,573	-46.9%
TOTAL RENTAL INCOME	**180,871**	**151,297**	**29,574**	**19.5%**

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

Hotel lease properties

The change in revenue from the Hotels business (+€35.2 million) is mainly due to:

- the acquisition of the Roco portfolio (Italy, Hungary, Czech Republic) (+€17 million)
- the increase in Accor variable rents (+€10.7 million)
- rents in the United Kingdom (+€12 million)
- the impact of disposals of hotels in Germany in 2020 (-€1.2 million) and retail (-€4.6 million).

For fixed-rent leases, rent-free periods were granted for an amount of €10.3 million in exchange for an extension of the lease term and rent waivers of €1.4 million on leases where rents had been restructured as rent-free periods. At 31 December 2021, the impact of spreading these rent-free periods over the term of the lease was -€2.7 million. In addition, certain tenants have been granted deferred payments with deadlines from 2021 to 2025.

4.2.6.2.2 Real estate expenses

(€K)	31/12/2021	31/12/2020	Change (in %)
Rental income	180,871	151,296	19.5%
Unrecovered rental costs	-127	9	n.a..
Taxes and duties	-13,129	-11,681	12.4%
Income from rebilling of taxes and duties	10,965	10,091	8.7%
Expenses on properties	-2,480	-2,262	9.7%
Net losses on unrecoverable receivables	-12,724	-14,462	n.a..
NET RENTAL INCOME	**163,377**	**132,991**	**22.8%**
Rate for real estate expenses	**-9.7%**	**-12.1%**	

The impact between taxes and duties and income from rebilling of taxes and duties (-€2.1 million at 31 December 2021) 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 €2.2 million.

Net irrecoverable receivables expenses mainly comprise the balance of rent levels in the United Kingdom (-€9 million) and in Spain (-€2 million) in connection with the renegotiation of current leases.

4.2.6.2.3 EBITDA of hotels under management

(€K)	31/12/2021	31/12/2020	Change (in %)
Revenues from hotels under management	107,605	89,353	20.4%
Operating expenses of hotels under management	-86,179	-81,476	5.8%
MANAGED HOTEL EBITDA	**21,426**	**7,877**	**172.0%**

Detailed results for this activity are presented in § 4.2.8.6.

EBITDA from hotels under management increased following the recovery in activity observed mainly in the second half of the year.

It does not include the corporate fixed costs of this activity. These are shown under fixed costs.

4.2.6.2.4 Net operating costs

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

(€K)	31/12/2021	31/12/2020	Change (in %)
Management and administration income	2,955	2,328	26.9%
Business expenses	-1,454	-1,278	13.8%
Structure costs	-21,094	-21,877	-3.6%
TOTAL NET OPERATING COSTS	**-19,593**	**-20,827**	**-5.9%**

Management and administration income mainly comprises Asset Management fees charged to equity affiliates. They are up due to the increase in variable rents for hotels in partnerships.

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

Overhead costs include:

- network costs for €7 million, including €6 million with Covivio
- personnel expenses for €4.9 million.

Note that personnel expenses for allocation to Income from disposals totalled €5.5 million.

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

(€K)	31/12/2021	31/12/2020	Change
Depreciation of operating assets	-42,341	-42,858	517
Net allowances to provisions and other	16,518	4,745	11,773

The decrease in depreciation of assets in operation is mainly due to Pullman Roissy where most of the furniture was fully depreciated at 31 December 2020 (-€1.1 million).

The "Net change in provisions and other" item includes re-invoicing to tenants of construction leases (€12.4 million for 2021 compared to €2.7 million at 31 December 2020). As the rental expense is cancelled by the application of IFRS 16, the income from re-invoicing to tenants/operators is not presented as expenses on buildings because this would lead to a net income on this item and distort the real estate expenses ratio.

The change for the period is mainly due to the reinvoicing of long-term leases on the portfolio in the United Kingdom (+€6.6 million). As a reminder, as of 31 December 2020, no reinvoicing of long-term leases had been recorded on assets in the United Kingdom due to the activation of the major underperformance clause and on the Roco portfolio acquired in the second half of 2020 (+€2.9 million).

This item also includes an insurance compensation received following a dispute over an asset in the Hermitage portfolio (€2 million).

4.2.6.3 Net income from disposals

During 2021, the Covivio Hotels Group made €69 million of disposals relating to a portfolio of 15 Jardiland assets for €49.4 million, six Courtepaille assets for €7.9 million, and an IBIS hotel in France for €12.6 million. Net income from the disposals was -€0.5 million.

Income from the sale of shares of -€1.2 million also includes an adjustment to the sale price of the Ibis Dresden (Operating Properties) for an additional contribution to the site's demolition costs.

4.2.6.4 Change in the fair value of properties

(€K)	31/12/2021	31/12/2020
Hotel lease properties	-14,146	-315,496
Other activities (non-material)	-2,147	-12,131
TOTAL CHANGE IN FAIR VALUE OF PROPERTIES	**-16,294**	**-327,627**

The change in the fair value of properties is discussed in Section 4.2.4.1.

4.2.6.5 Income from changes in scope

The result of changes in the scope of consolidation for -€22.5 million mainly includes the impairment of goodwill for the Operating Properties business for -€17.9 million, an additional acquisition cost on the Roco portfolio (-€4 million) mainly concerning a participation in the dismantling of a reservation platform in Milan and an earn-out on the Hermitage portfolio (-€1 million) following the repayment of 50% of an insurance indemnity.

4.2.6.6 Cost of net financial debt

(€K)	31/12/2021	31/12/2020	Change (in €K)	Change (in %)
Interest income on cash transactions	1,269	1,844	-576	-31.2%
Interest expense on financing operations	-35,182	-39,982	4,800	-12.0%
Depreciation of ancillary loan costs	-4,847	-4,936	89	-1.8%
Net expenses on hedges	-18,830	-15,130	-3,700	24.5%
COST OF NET FINANCIAL DEBT	**-57,591**	**-58,204**	**613**	**-1.1%**

The cost of net financial debt decreased by 1.1% over the period due to the restructuring of the debt (issuance of a new bond of €599 million at the rate of 1% and debt repayments).

4.2.6.7 Financial result

(€K)	31/12/2021	31/12/2020	Change (in €K)	Change (in %)
Cost of net financial debt	-57,591	-58,204	613	-1.1%
Interest charges on rental liabilities	-13,910	-13,009	-901	6.9%
Changes in the fair value of financial instruments	69,642	-46,018	115,660	n.p.
Discounting and exchange result	-708	264	-972	n.p.
Exceptional depreciation of loan issue costs	-1,565	-207	-1,358	656.0%
TOTAL NET FINANCIAL INCOME/(CHARGES)	**-4,131**	**-117,174**	**113,043**	**-96.5%**

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.

Higher rates triggered a decrease in financial instrument liabilities of €69.6 million at 31 December 2021 (€47.7 million if we include the change in the value of the cross currency swap recognised in shareholders' equity).

The "Other calculated income and expenses" line in the Statement of Cash Flows for -€4.5 million primarily consists of the amortisation of borrowing costs (+€4.8 million in regular and +€1.6 million in non-recurring costs), and the reversal of the spreading of rent-free periods (-€1.8 million).

4.2.6.8 Current and deferred taxes

4.2.6.8.1 Accounting principles for current and deferred taxes

SIIC tax regime (French companies)

Opting for the SIIC tax regime in France involves the immediate liability for an exit tax at the reduced rate of 19% on unrealised capital gains relating to assets and securities of entities not subject to 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 2021.

Ordinary law regime and deferred taxes

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

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

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

SOCIMI regime (Spanish companies)

The Spanish companies held by Covivio Hotels opted for the SOCIMI tax regime, effective on 1 January 2017. Opting for 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.

4.2.6.8.2 Taxes and rates applied by geographic area

(€K)	Taxes payable	Deferred tax	Total	Deferred tax rate
France	0	387	387	25.83% (1)
Belgium	-568	615	47	25.00% (2)
Luxembourg	-541	-1,680	-2,221	24.94%
Netherlands	-1,092	-3,898	-4,990	25.00% (3)
Portugal	-393	-561	-954	22.50%
Germany	-1,155	-17,163	-18,318	15.83% (4)
Spain	0	1,291	1,291	25.00%
United Kingdom	49	-7,081	-7,032	25.00% (5)
Ireland	0	178	178	33.00% (6)
Poland	0	-75	-75	9.00%
Italy	-241	2,365	2,124	27.90%
Hungary	-74	-678	-752	9.00%
Czech Republic	-641	-151	-792	19.00%
TOTAL	**-4,656**	**-26,452**	**-31,108**	

(-) Corresponds to a tax expense; (+) corresponds to a tax credit.
(1) In France, the tax rate used for the 2021 fiscal year is 27.4% and will be 25.83% in 2022.
(2) In Belgium, the tax rate used for the 2021 fiscal year is 25%.
(3) In the Netherlands, the tax rate used for the 2021 fiscal year 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, the tax rate is 25%, *vs.* 19% for fiscal year 2020.
(6) In Ireland, the tax rate is 12.5% for property companies, 25% on holdings and 33% on capital gains.

4.2.6.8.3 Deferred tax income and expense

(€K)	31/12/2021	31/12/2020	Change
France	387	-195	582
Belgium	615	4,251	-3,636
Luxembourg	-1,680	469	-2,149
Netherlands	-3,898	-308	-3,590
Portugal	-561	-179	-382
Germany	-17,163	35,287	-52,451
Spain	1,291	1,203	88
United Kingdom	-7,081	18,937	-26,018
Ireland	178	-59	237
Poland	-75	-21	-54
Italy	2,365	0	2,365
Czech Republic	-151	172	-323
Hungary	-678	0	-678
TOTAL	**-26,452**	**59,557**	**-86,010**

(-) Corresponds to a tax expense; (+) corresponds to a tax credit.

Deferred tax expenses of -€26.5 million at 31 December 2021 are split between the hotel business (-€16 million) following interest rate adjustments and the Operating Properties segment abroad (-€10.5 million) following the DTA writeback on the Rock portfolio in Germany.

4.2.6.8.4 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	31/12/2021
Net income before tax, before net income/(loss) of companies accounted by the equity method	**152,001**	**-46,621**	**-10,521**	**94,859**
Recognised effective tax expense	1,290	387	-32,786	-31,108

Table of tax proof 2021

(€K)	31/12/2021
Net income before tax	**105,550**
Income (loss) of companies accounted for under the equity method	10,691
Goodwill	0
Net income before tax, before net income/(loss) of equity affiliates and before goodwill	**94,859**
of which SIIC/SIIQ/SOCIMI	152,001
of which companies subject to income tax	-57,142
Theoretical tax at 27.375% (a)	**15,642**
Effect of differences in rate	3,798
Effect of tax credits and IFA (tax due despite losses)	-7
Effect of permanent differences	-20,281
Allocation to tax losses without DTAs	1,935
Tax losses for the period without DTAs	-10,197
Total tax effects for the fiscal year (b)	**-24,752**
Taxes not related to the fiscal year (c)	**-23,289**
Actual tax expense recognised (a) + (b) + (c)	**-32,398**
Total effective tax rate	-56.70%

4.2.7 Other information

4.2.7.1 Personnel expenses

In the statement of net income, personnel expenses for the period are included in the Overheads items for €4.6 million. These are down by €0.4 million.

Personnel expenses are also present in Managed hotel EBITDA for €33.4 million for the Operating Properties business. They were up by €2.7 million due to the reopening of all hotels in the second half of 2021 and the mitigation of partial unemployment measures. In this respect, the Group benefited from subsidies amounting to approximately €7.6 million (partial unemployment, payment subsidies or exemption from employer contributions).

Personnel expenses are also included in the item expenses on sales for €0.6 million.

At 31 December 2021, the headcount of fully consolidated companies (excluding companies in the Operating Properties business line) was 21. This headcount is split between France (18 people), Spain (one person) and Luxembourg (two people).

The average headcount at 31 December 2021 for the Operating Properties business was 1,186 people, up mainly due to the recovery in activity in the second half of the year compared to 1,074 at 31 December 2020.

4.2.7.2 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.

	31/12/2021	31/12/2020
Net income Group share (in €K)	**50,290**	**-337,396**
Average number of undiluted shares	141,125,610	127,725,151
Average number of diluted shares	141,125,610	127,725,151
Earnings per share – undiluted	**0.36**	**-2.64**
Earnings per share – diluted	**0.36**	**-2.64**

The change in the average number of shares is in line with the capital increase carried out in the first half of 2021 and the creation of 15,593,836 new shares.

4.2.7.3 Off-balance sheet commitments

4.2.7.3.1 Commitments given (FC companies)

Commitments given (in €M)	Deadline	31/12/2021	31/12/2020
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		**1,469.9**	**1,977.4**
Financial guarantees given (CRD of pledged debt)		1,469.9	1,977.4
Commitments related to operating activities (A + B+ C)		**227.8**	**208.7**
A- Commitments given related to business development		**47.1**	**120.3**
Work commitments outstanding on assets under development (1)		19.7	22.3
Purchase commitments (2)	2022-2024	22.1	40.5
Bank guarantees and other guarantees given		5.3	10.3
B- Commitments related to the implementation of operating contracts		**25.9**	**37.5**
Other contractual commitments given related to "Lease payments due"	2037	10.0	10.8
Work commitments outstanding on investment properties (3)		15.8	26.6
C- Commitments related to asset disposals		**154.8**	**51.0**
Preliminary sale agreements given		154.8	51.0

(1) commitments relating to work on assets under development:

(€M)	Amount of works budgets signed*	Amount of works accounted for	Amount of works commitments outstanding
Hotel Plaza Nice	55.0	35.3	19.7
GRAND TOTAL	**55.0**	**35.3**	**19.7**

(2) commitment to acquire two hotels in Poland and Portgual

(3) commitments relating to work on investment properties

(€M)	Amount of works budgets signed*	Amount of works accounted for	Amount of works commitments outstanding
Accor Hotels 2021-2026	8.2	4.9	3.3
Hotels (Italy, Hungary, Czech Republic)	26.3	13.8	12.5
GRAND TOTAL	**34.6**	**18.7**	**15.8**

* 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 4.2.6.8.1.

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.

4.2.7.3.2. Commitments given (Equity affiliates)

Commitments given (in €M)	Deadline	31/12/2021	31/12/2020
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		**66.6**	**67.2**
Financial guarantees given (CRD of pledged debt)		66.6	67.2
Commitments related to operating activities (A + B + C)		**9.0**	**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		**9.0**	**0.0**

4.2.7.3.3. Commitments received (FC companies)

Commitments received (in €M)	Deadline	31/12/2021	31/12/2020
Commitments related to consolidated companies		**0.0**	**0.0**
Commitments related to financing		**352.6**	**275.9**
Financial guarantees given (CRD of pledged debt)		352.6	275.9
Commitments related to operating activities		**3,767.6**	**4,272.8**
Other contractual commitments received related to “rental income due” activities		3,188.2	3,643.8
Assets received in pledge, mortgage or collateral, as well as guarantees received		367.1	488.6
Other contractual commitments received related to business activities		0.0	0.0
Preliminary sale agreements received = preliminary sale agreements given		154.8	51.0
Works commitments outstanding (fixed assets)		35.5	49.0
Acquisition commitments (fixed assets)	2022-2024	22.1	40.5

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	NH Netherlands portfolio	Spain Hotels portfolio	Motel One	United Kingdom Hotels portfolio	Courtepaille restaurants	Jardiland garden centres	B&B Poland	MEININGER	Roco	Total
in less than 1 year	10,430	7,105	2,545	21,963	9,119	4,326	2,779	762	9,755	8,278	31,930	4,476	37,120	3,986	331	1,497	6,162	23,189	185,751
from 1 to 5 years*	53,737	36,605	13,111	113,158	46,986	22,291	14,316	3,925	50,261	42,650	98,507	23,062	191,252	19,655	1,703	7,711	31,748	119,477	890,155
over 5 years*	32,171	71,586	12,755	112,100	166,218	73,497	71,321	9,471	114,803	90,338	294,874	25,225	728,507	14,408	1,657	34,152	46,855	212,311	2,112,249
TOTAL	**96,338**	**115,296**	**28,410**	**247,221**	**222,323**	**100,114**	**88,416**	**14,158**	**174,819**	**141,266**	**425,311**	**52,763**	**956,879**	**38,049**	**3,690**	**43,359**	**84,766**	**354,976**	**3,188,155**

* Construction assumption: 1.5% increase.

The rents to be received in the United Kingdom are based on the term sheet relating to the conclusion of lease amendments signed with IHG.

4.2.7.3.4 Commitments received (Equity affiliates)

Commitments received (in €M)	Deadline	31/12/2021	31/12/2020
Commitments related to consolidated companies		**0.0**	**0.0**
Commitments related to financing		**0.0**	**0.0**
Commitments related to financing not specifically required by IFRS 7		0.0	0.0
Financial guarantees received (authorised lines of credit not used)		0.0	0.0
Commitments related to operating activities		**14.8**	**8.8**
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		5.9	8.8
Preliminary sale agreements received		9.0	0.0
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** • Lessor commitment to propose three renewals • Notice of termination with a renewal offer to be sent 18 months before the end of the lease, lessee has six months to accept or reject • Renewal for 12 years with three-yearly exit option **Belgium** • Proposal for 3 renewals of 12 years under the same conditions as the initial lease • The Lessee may issue a notice of termination with 6 months prior notice	• Two first renewals by the lessee • Renewal for a firm term of 10 years and at the last indexed rent • 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 • 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 • Renewal for 9 years, of which 6 were firm for the first renewal, the following being in 3/6/9 years • Compensation of €15 million if the lessee does not renew at the end of the initial lease • Lessor can renew a furnished or unfurnished lease • 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 • Renewal rent at market rate from second renewal	• First renewal by the lessee (provided that the lessee is a CM member and requests it 9 months before the end of the lease) • Renewal rent set at the most recent index rent for a period of 15 years, of which 8 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 40.7 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 • 12 months' notice Third renewal for 9 years (with possibility of exit every 3 years) • Renewal at the most recent index rent	• Lux 1 to 3: Two renewal options for five years with the same conditions and charges • Lux 4: An option for certain assets • Zero for others Right of first refusal + Right of preference	• 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 Lux 4: between 29 and 33 years +10 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)	1 option or 2 renewal options for 5 years depending on the assets Right of first refusal + Right of preference	No renewal option Right of 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. • Right of first offer	• Lessor commitment to propose a renewal • Notice of termination with renewal offer to be sent 24 months before the expiry of the lease, six months from the lessee. • Term of the lease renewed by 9 years firm on the same conditions and charges as the initial lease. • For subsequent renewals, a notice period of 18 months must be respected.	• Lessor commitment to propose a renewal for a period of 12 years • Offer of termination with renewal must be made 24 months before the end of the lease • 18 months' notice required for non-renewal by the lessee
Indexing clauses	75% 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	16 years firm	12 years firm	25 years firm

Types of leases	Hotels NH Germany 1	Hotels NH Germany 2 and the Netherlands	NH Hotel Amsterdam Centre
Conditions for renewal or purchase options	Renewal at expiry of lease 4 renewal options for 10 years Right of first offer	Renewal at expiry of lease 4 renewal options for 10 years Right of first offer	Renewal at expiry of lease 4 renewal options for 10 years Right of 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 Right of 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. 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 of non-renewal by the lessee or the lessor 12 months before the end of the lease • If renewed, renewal at the last indexed rent for 9 years with the possibility of three-year termination	• Lessor commitment to propose two renewals as long as the tenant is a member of the Jardiland group • First renewal for 9 years including 6 firm years, second renewal for 9 years with the option of three-year termination • Renewal at the last indexed rent - nine months' notice for non-renewal before the lease expires
Indexing clauses	Depending on the change in the Construction Cost Index (ILC) -If renewal same conditions including higher rent of guaranteed indexed minimum and 8% of revenue	In line with the change in the Construction Cost Index (ILC)
Term	12 years firm	Leases for 6-12 years, 6-9-12 years or 12 years firm

4.2.7.4 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	Balance sheet	Comments
Covivio Hotels Gestion	Manager	-1,703			Remuneration of Management
Covivio Property	Group service provider	-1,245			Board Property fees
Covivio	Group service provider	-6,106			Network costs
Covivio SGP	Manager OPCI B2 INVEST HOTEL	-199			Consultancy services and management agreement
Covivio Immobilien GmbH	Group service provider	-1,190			Property fees and Network costs
Covivio Italy	Group service provider	-404			Property fees and Network costs
IRIS (OPCI + Holding), OPCI Campinvest, SCI Dahlia and Phoenix	Equity affiliates	2,513	961	62,639	Asset and property fees, Loans

4.2.7.5 Executive remuneration

4.2.7.5.1 Remuneration of executives and Directors

(€K)	31/12/2021	31/12/2020
Directors	37	38
Attendance fees	**37**	**38**

As of 31 December 2021, €37 thousand had been paid in remuneration allocated to the members of the Supervisory Board and the Audit Committee.

4.2.7.5.2 Remuneration of the Manager and the limited partner

The Managing Partner, Covivio Hotels Gestion, received €1.2 million excluding taxes for its work in respect of 2021. The terms of this remuneration are governed by Article 11 of the Articles of Association of Covivio Hotels.

In 2021, €500 thousand in preferred dividends was paid to the limited partner, Covivio Hotels Gestion in respect of 2021. This preferred dividend was recognised under operating expenses in accordance with IFRS, which specify that preferred dividends must be treated as management commissions.

4.2.7.6 Table of Statutory Auditors' fees

	Mazars				Ernst & Young et Autres				PriceWaterHouseCoopers			
	Amount		%		Amount		%		Amount		%	
(€K)	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Statutory Auditing, certification, review of company and consolidated financial statements	**709**	**625**	**47%**	**46%**	**739**	**687**	**49%**	**51%**	**56**	**34**	**4%**	**3%**
Issuer	160	160	50%	50%	160	160	50%	50%				
Fully consolidated affiliates	390	306	43%	40%	509	457	57%	60%	22	0		
Equity affiliates	159	159	60%	60%	70	70	27%	27%	34	34	13%	13%
Services other than certification of the financial statements	**37**	**22**	**23%**	**30%**	**124**	**51**	**77%**	**70%**				
Issuer	35	15	22%	23%	124	51	78%	77%				
Fully consolidated affiliates	2	7	100%	100%		0	0%	0%				
Equity affiliates												
TOTAL	**746**	**647**	**46%**	**46%**	**863**	**738**	**52%**	**52%**	**56**	**34**	**3%**	**2%**

4.2.8 Segment reporting

4.2.8.1 Accounting principles relating to operating segments – IFRS 8

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

As a result, the operating segments are as follows:

- Hotels: assets primarily leased to Accor, IHG, B&B, Motel One, NH, Pierre & Vacances and Club Med
- 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.

4.2.8.2 Tangible and intangible fixed assets

	Hotels		Operating Properties		
31/12/2021 (in €K)	France	Rest of world	France	Rest of world	Total
Goodwill	0	0	43,701	73,498	117,199
Intangible fixed assets	0	0	175	49	223
Operating properties	5	-0	196,007	810,223	1,006,235
Other fixed assets	16	24	9,344	8,583	17,967
Under construction assets	0	49	2,561	2,372	4,982
TOTAL	**21**	**73**	**251,788**	**894,725**	**1,146,607**

	Hotels		Operating Properties		
31/12/2020 (in €K)	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
Under construction assets	344	36	1,879	1,829	4,088
TOTAL	**4,261**	**79**	**274,042**	**903,392**	**1,181,774**

4.2.8.3 Investment properties/properties held for sale

	Hotels		Operating Properties		
31/12/2021 (in €K)	France	Rest of world	France	Rest of world	Total
Investment properties	1,671,548	3,259,943	0	0	4,931,491
Assets held for sale	135,787	19,000	0	0	154,787
Assets under development	44,459	0	8,813	0	53,272
TOTAL	**1,851,794**	**3,278,943**	**8,813**	**0**	**5,139,550**

	Hotels		Operating Properties		
31/12/2020 (in €K)	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	19,000	0	0	50,955
Assets under development	50,914	0	0	0	50,914
TOTAL	**1,886,987**		**0**		**5,103,565**

4.2.8.4 Financial liabilities

31/12/2021 (in €K)	Hotels	Operating Properties	Total
Long-term interest-bearing loans	2,036,904	605,459	2,642,363
Short-term interest-bearing loans	27,037	9,699	36,736
Long- and short-term rental liabilities	248,870	27,130	276,000
TOTAL LT AND ST LOANS	**2,312,811**	**642,288**	**2,955,099**

31/12/2020 (in €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**

4.2.8.5 Income statement by operating segment

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

31/12/2021 (in €K)	Hotels	Operating Properties	Intercos Inter-sector	31/12/2021
Rental income	180,871	0	0	180,871
Unrecovered rental costs	-2,282	-8	0	-2,290
Expenses on properties	-2,449	-31	0	-2,480
Net losses on unrecoverable receivables	-12,814	90	0	-12,724
Net Rental Income	**163,326**	**51**	**0**	**163,377**
Revenues of hotels under management	68	107,537	0	107,605
Operating expenses of hotels under management	-94	-86,085	0	-86,179
Managed hotel EBITDA	**-26**	**21,452**	**0**	**21,426**
Management and administration income	14,810	465	-12,320	2,955
Business expenses	-11,705	-1,877	12,128	-1,454
Structure costs	-18,810	-2,470	186	-21,094
Net cost of operations	**-15,705**	**-3,882**	**-6**	**-19,593**
Depreciation of operating assets	-25	-42,316	0	-42,341
Net allowances to provisions and other	13,062	3,450	6	16,518
Operating income	**160,632**	**-21,245**	**0**	**139,387**
Income from asset disposals	**-240**	**-215**	**0**	**-455**
Net valuation gains and losses	**-16,294**	**0**	**0**	**-16,294**
Income from disposal of securities	**0**	**-1,151**	**0**	**-1,151**
Income from changes in scope	**-3,402**	**-19,095**	**0**	**-22,497**
Operating income (loss)	**140,696**	**-41,708**	**0**	**98,990**
Cost of net financial debt	-45,882	-11,709	0	-57,591
Interest charges on rental liabilities	-12,528	-1,382	0	-13,910
Fair value adjustment on derivatives	66,087	3,555	0	69,642
Discounting of liabilities and receivables	-703	-5	0	-708
Exceptional depreciation of loan issue costs	-1,483	-82	0	-1,565
Share in income of equity affiliates	10,691	0	0	10,691
Net income before tax	**156,878**	**-51,331**	**0**	**105,550**
Deferred tax	-14,889	-11,563	0	-26,452
Corporate income tax	-4,219	-437	0	-4,656
NET INCOME FOR THE PERIOD	**137,770**	**-63,331**	**0**	**74,441**

Net income for the Operating Properties business is less than the sum detailed in 4.2.8.6 primarily due to the fact that rental income (+€0.4 million) and the change in fair value (+€3.7 million) for the Nice Mercure hotel lease and the Dresden Dev land (investment properties) were reclassified to the Hotels segment.

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

For the Hotels segment, these are mainly additional costs on the Roco portfolio.

31/12/2020 (in €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
Revenue from other activities	0	0	0	0
Expenses from other activities	0	0	0	0
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
Structure costs	-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 allowances to 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**
Net valuation gains and losses	**-327,627**	**0**	**0**	**-327,627**
Income from disposal of securities	**-18**	**-74**	**0**	**-92**
Income from changes in scope	**3,540**	**-7,342**	**0**	**-3,802**
Operating income (loss)	**-206,091**	**-44,634**	**0**	**-250,725**
Net income from non-consolidated companies	0	0	0	0
Cost of net financial debt	-46,442	-11,762	0	-58,204
Interest charges on rental liabilities	-11,633	-1,376	0	-13,009
Fair 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	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**

4.2.8.6 Income statement of the Operating Properties business

The Operating Properties business unit reported Gross Operating Income of €23 million as at 31 December 2021, compared with €8.8 million as at 31 December 2020.

The €18.4 million increase in revenue is mainly due to the recovery in activity in the second half of 2021 after a first half-year still impacted by lockdown measures. EBITDA was up by €13.4 million, i.e. +316.7% compared to 31 December 2020, in line with the gradual recovery.

Hotel business income statement (Operating Properties) – USALI presentation

Consolidated data (in €K)	31/12/2021	31/12/2020	Change (in €K)
Revenues	**107,538**	**89,181**	**18,357**
Cost of sales	-19,142	-17,033	-2,109
Personnel costs	-39,778	-38,620	-1,158
A & G (Administration & General)	-7,745	-8,188	443
S & M (Sales & Marketing)	-6,068	-5,699	-369
Other operating expenses	-11,821	-10,842	-979
Gross operating profit (GOP)	**22,984**	**8,799**	**14,185**
Management fees	7,467	6,265	1,202
Property taxes and others	-4,458	-4,145	-313
Insurance	-1,225	-1,389	164
Consultancy fees	-7,232	-5,229	-2,003
EBITDAR	**17,536**	**4,301**	**13,235**
Letting	110	-66	176
EBITDA	**17,646**	**4,235**	**13,411**
Depreciation and provisions	-38,630	-43,709	5,079
Current net operating income	**-20,984**	**-39,474**	**18,490**
Net non-recurring income	-13,377	-4,255	-9,122
Current operating income	**-34,361**	**-43,729**	**9,368**
Cost of net financial debt	-11,639	-11,886	247
Interest charges on rental liabilities	-1,382	-1,376	-6
Changes in the fair value of financial instruments	3,555	-3,555	7,110
Other financial income and expenses	-157	88	-245
Pre-tax income (loss)	**-43,984**	**-60,458**	**16,474**
Corporate income tax	-12,810	26,280	-39,090
Consolidated net income	**-56,794**	**-34,178**	**-22,615**
Non-controlling interests	1,347	452	896
NET INCOME GROUP SHARE	**-55,447**	**-33,727**	**-21,720**

Consolidated net income of the Operating Properties segment is slightly less (-€2.4 million) than that in the consolidated financial statements of the Covivio Hotels Group due to the presence of intercompany transactions that are not eliminated in the consolidation sub-group of the Operating Properties business.

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 +€3.7 million change in fair value and the +€0.4 million increase in revenues are presented in the Hotels segment (see 4.2.8.5).

4.2.9 Post-closing events

None

4.3 Statutory Auditors' report on the consolidated financial statements

Year ended 31 December 2021

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 2021.

In our opinion, the consolidated financial statements give a true and fair view of the results of operations for the past fiscal year as well as the financial position and of the assets, for the year then ended, of the group comprising the persons and entities included in the scope of consolidation, in accordance with International Financial Reporting Standards as adopted by the European Union.

The opinion set out below reflects the content of our report to the Audit Committee.

Basis of Opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe the information we have collected to be sufficient and appropriate to form an opinion.

Our responsibilities under these standards are further described in the "Statutory Auditors' responsibilities for the audit of the consolidated financial statements" section of this report.

Independence

We conducted our audit engagement in accordance with the independence rules set out in the French Commercial Code and in the French Code of Ethics for Statutory Auditors, for the period from 1 January 2021 to the date of this report, and in particular we did not provide any prohibited services referred to in Article 5 (1) of Regulation (EU) no. 537/2014.

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 significant for the audit of the consolidated 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 consolidated 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 consolidated financial statements.

Valuation of investment properties

Risk identified	How the matter was addressed
Given your group's activity, the fair value of investment properties represented 73% of consolidated assets at 31 December 2021, *i.e.* €4,985 million. Under the option offered by IAS 40, investment properties are recognised at their fair value. Changes in fair value are recorded in the income statement. Investment property is not amortised. Note 4.2.5.1.1 to the consolidated financial statements states that investment properties are subject to appraisals by independent real estate appraisers. Property valuation is a complex matter requiring the exercise of significant judgement by the Group's professional real estate appraisers based on the data communicated by the Group's management. In addition, the context of the Covid-19 health crisis creates uncertainty about the estimates used for appraisal values. These estimates include assumptions on discount rates, yield rates and rental data that depend on changes in the hotel market, which may be different in the future. We considered investment property appraisal to be a key audit matter due to the amounts involved, and the number of significant judgements that went into determining the main assumptions used to appraise investment properties.	We reviewed the process used by your group to appraise investment properties. Our work also involved: • assessing the competence and independence of the real estate appraisers by examining the application of the rotation rules and the forms of remuneration offered by your group; • obtaining an understanding of your group's written instructions to its professional real estate appraisers describing the nature of the services required and the scope and limitations of the applicable procedures with particular regard to the verification of the information provided by your group; • checking, using sampling techniques, the pertinence of the information provided by the Finance Department to the real estate appraisers to determine the fair value of investment properties, including tenancy schedules, accounting data and the budget for investment expenditure; • 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 health crisis, with market data available; • 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; • reconciling the real estate appraisal values with the values used in the financial statements.

Measuring the tangible fixed assets and goodwill relating to the "Operating Properties" segment

Risk identified	How the matter was addressed
Tangible fixed assets and goodwill represented a value of €1,147 million at 31 December 2021, compared with a total balance sheet of €6,856 million. Tangible fixed assets comprise managed hotel real estate in the "Operating Properties" segment (occupied or managed by the teams of your group – own occupied buildings). Note 4.2.5.1.1 to the consolidated financial statements specifies that these fixed assets are carried at historical cost less accumulated depreciation and any potential impairment. Goodwill is accounted for as an asset for the surplus of the acquisition cost on the portion of the buyer's interest in the fair value of the assets and liabilities acquired, net of any deferred taxes. Tangible fixed assets and related goodwill undergo impairment testing at least once a year, in which the net book value is compared with the valuation of hotel real estate in the "Operating Properties" segment as provided by real estate appraisers. The context of the Covid-19 health crisis creates uncertainty in 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. 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 your group for the tangible fixed assets and goodwill. Our procedures also involved: • assessing the competence and independence of the real estate appraisers by examining the application of the rotation rules and the forms of remuneration offered by your group; • obtaining an understanding of your group's written instructions to its professional real estate appraisers describing the nature of the services required and the scope and limitations of the applicable procedures with particular regard to the verification of the information provided by your group; • checking, using sampling techniques, the pertinence of the information provided by the Finance Department to the real estate appraisers to determine the fair value of hotel real estate in the "Operating Properties" segment, such as the most recent performance and the budget for the hotel real estate in the context of Covid-19 health crisis; • evaluating the valuation assumptions used by the real estate appraisers, in particular discounting and capitalisation rates by comparing them against available market data; • interviewing certain professional real estate appraisers in the presence of the entities' Finance Departments and assessing, by the inclusion of valuation specialists within our audit teams, the consistency and relevancy of the valuation approach applied and of the main associated instances of the exercise of professional judgement; • verifying, on a sample basis, that impairment allowances are recognised when appraisal values excluding charges are lower than the net book values of the tangible fixed assets plus the net book values of the goodwill • recalculating, on a sample basis, the provisions and reversals of impairment recognised in your group's consolidated financial statements.

Specific verification

In accordance with the professional standards applicable in France, we have also carried out the specific verifications required by law of the information relating to the group in the management report.

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

Other verifications or reporting envisaged by law and regulations

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

In accordance with professional standards on the Statutory Auditors' work relating to the annual and consolidated financial statements presented in the single European electronic reporting format, we have also verified compliance with this format defined by the European delegated regulation. no. 2019/815 of 17 December 2018 in the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in I of Article L. 451-1-2 of the French Monetary and Financial Code, prepared under the responsibility of management. With regard to consolidated financial statements, our procedures include verifying that the mark-up of these financial statements complies with the format defined by the aforementioned regulation.

Based on our work, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the single European electronic reporting format.

It is not our responsibility to verify that the consolidated financial statements that will be included by your company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

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 2021, MAZARS was in the eighteenth straight year of its engagement and ERNST & YOUNG et Autres in the ninth year.

Prior to this, the firm Groupe PIA, which later became Conseil Audit & Synthèse (acquired by ERNST & YOUNG Audit in 2010), was Statutory Auditor from 2007 to 2012.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for evaluating the company's ability to continue as a going concern, disclosing, as applicable, matters relating to the going concern and using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations.

The Audit Committee is responsible for overseeing the process for preparing financial information and monitoring the effectiveness of the risk management and internal control systems, as well as, where applicable, the internal audit system, regarding the procedures relating to the preparation and processing of accounting and financial information.

The consolidated financial statements were approved by the Management Board.

Statutory Auditors' responsibilities relating to the audit of the consolidated financial statements

Objectives and audit process

We are tasked with preparing a report on the consolidated financial statements. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements taken as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement where one exists. Misstatements can arise from fraud or error and are considered material if, individually or aggregated, they could reasonably be expected to influence the economic decisions of users as taken on the basis of these consolidated financial statements.

As indicated in Article L. 823-10-1 of the French Commercial Code, in auditing the financial statements we are not asked to guarantee the viability or quality of the company's management.

In the course of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises its professional judgement throughout the audit. We also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in accordance with those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the circumvention of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may call into question the company's ability to continue as a going concern. If 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 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
- evaluate the overall presentation of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the scope of consolidation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements as well as for the opinion on said financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee that in particular covers the scope of the audit work and the schedule of work undertaken, along with our findings. We also inform it, as applicable, of any material weaknesses we identified in the internal control system regarding the procedures relating to the preparation and processing of accounting and financial information.

The elements communicated in the report to the Audit Committee include the risks of material misstatement which, in our professional view, have presented the greatest significance for the audit of the accompanying consolidated financial statements and which as such constitute the key audit matters we are required to describe in this report.

We also provide the Audit Committee with the confirmation in writing provided for in Article 6 of Regulation (EU) 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.

Paris-La Défense, 10 March 2022

The Statutory Auditors

MAZARS	**ERNST & YOUNG et Autres**
Claire Gueydan-O'Quin	Anne Herbein

4.4 Company financial statements at 31 December 2021

4.4.1 Balance sheet

Assets

(€K)	Note 4.5	31/12/2021 Gross	Depreciation, Amortisation & Provisions	31/12/2021 Net	31/12/2020 Net
Intangible fixed assets		**0**	**0**	**0**	**0**
Tangible fixed assets:	**3.1.1**	**565,049**	**211,044**	**354,005**	**408,319**
Land		129,344	4,171	125,173	151,404
Buildings		430,793	206,866	223,927	250,898
Other tangible fixed assets		23		15	14
Tangible fixed assets in progress		4,890	0	4,890	6,003
Advances and pre-payments		0	0	0	0
Financial assets:		**3,987,852**	**66,133**	**3,921,720**	**3,921,179**
Equity investments	3.1.2	2,383,202	66,133	2,317,070	2,236,271
Other securities	3.1.4	140	0	140	209
Receivables linked to investments & Loans	3.1.3	1,603,338	0	1,603,338	1,684,686
Deposits and guarantees		1,173	0	1,173	13
Total I – Fixed assets	**3.1**	**4,552,902**	**277,176**	**4,275,725**	**4,329,498**
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**	**155,843**	**2,477**	**153,365**	**62,669**
Trade receivables and related accounts		12,255	2,477	9,777	7,018
Current accounts		141,403	0	141,403	52,242
Other receivables		2,185	0	2,185	3,409
Marketable securities		**0**	**0**	**0**	**0**
Cash and cash equivalents		**69,132**	**0**	**69,132**	**26,360**
Prepaid expenses	**3.2.3**	**17,760**	**0**	**17,760**	**20,527**
Treasury instruments	**3.2.4**	**18**	**0**	**18**	**89**
Total II – Current assets	**3.2**	**242,753**	**2,477**	**240,275**	**109,645**
Deferred expenses (III)	3.2.3	10,403	0	10,403	12,321
Bond redemption premiums (IV)	3.2.3	3,346	0	3,346	1,013
Currency translation gains (V)	3.2.3	24,331	0	24,331	7,579
GRAND TOTAL (I+ II + III + IV + V)		**4,833,734**	**279,654**	**4,554,081**	**4,460,056**

Liabilities

(€K)	Note 4.5	31/12/2021	31/12/2020
Shareholders' equity		**2,278,189**	**2,036,374**
Capital [of which €530,191 thousand paid]		592,566	530,191
Issue premium, merger premium and additional paid-in capital		1,685,623	1,506,183
Reserves and retained earnings:		**225,854**	**86,319**
Legal reserve		59,257	53,019
Retained earnings		166,597	33,300
Net income for the fiscal year		29,963	168,212
Regulated provisions		6,157	5,224
Total I – Shareholders' equity	**3.3**	**2,540,163**	**2,296,129**
Other equity		**0**	**0**
Total I b – Equity		**0**	**0**
Provisions for risks		7,752	843
Provisions for charges		231	245
Total II – Provisions for risks and charges	**3.4**	**7,983**	**1,088**
Liabilities			
Financial payables:		**1,980,020**	**2,135,966**
Other bonds	3.5.1	1,156,010	741,627
Borrowings and debts from credit institutions (1)	3.5.2	748,634	1,273,686
Other sundry loans and borrowings	3.5.3	75,375	120,653
Advances and pre-payments received		**350**	**0**
Operating payables:		**4,592**	**9,314**
Trade payables and related accounts		1,617	6,499
Tax and social security liabilities	3.5.4	2,975	2,815
Other operating payables		0	0
Sundry liabilities:		**3,618**	**7,749**
Debt on fixed assets and related accounts	3.5.5	3,308	574
Other liabilities	3.5.6	310	7,175
Pre-booked income		**0**	**0**
Treasury instruments	**3.5.7**	**140**	**232**
Total III – Current liabilities	**3.5**	**1,988,719**	**2,153,261**
Currency translation losses (IV)	3.5.10	17,216	9,578
GRAND TOTAL (I + I BIS + II + III + IV)		**4,554,081**	**4,460,056**
(1) Of which current bank borrowings and bank overdraft		0	12,439

4.4.2 Income statement

(€K)	Note 4.5	31/12/2021	31/12/2020	Change (in %)
Sales [Rental income]		47,204	46,651	
Net revenues	4.1.1	47,204	46,651	
Reversals of provisions, impairment and transferred expenses	**4.1.2**	**5,392**	**2,695**	
Other income		19	120	
Total I – Operating income		**52,615**	**49,466**	**6.36%**
Other purchases and external expenses		13,012	14,043	
Taxes and related payments		5,360	5,555	
Salaries and benefits		2,880	3,117	
Social charges		1,025	1,408	
Depreciation, amortisation and provisions:				
On fixed assets: depreciation and amortisation charges		17,927	18,659	
On fixed assets: impairment charges		1,925	3,576	
On current assets: impairment charges		146	3,332	
Provisions for financial risks and charges		60	76	
Other expenses		1,355	216	
Total II – Operating expenses	**4.1.3**	**43,691**	**49,982**	**-12.59%**
1. Operating income (I-II)	**4.1**	**8,923**	**-516**	**-1,828.66%**
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	56,575	161,327	
From other marketable securities and fixed asset receivables		41,560	43,033	
Other interest and similar income		14,369	13,892	
Reversals of provisions, impairment and transferred expenses	4.2.2	7,129	6,258	
Positive exchange differences	4.2.3	269	66	
Net income from disposal of marketable securities		0	0	
Total V – Financial income		**119,902**	**224,576**	**-46.61%**
Financial expenses:				
Impairment, amortisation and provisions		40,802	39,957	
Interest and similar expenses		68,129	68,117	
Negative exchange differences	4.2.3	50	1,409	
Net expenses from disposal of marketable securities		51	0	
Total VI – Financial expenses		**109,033**	**109,483**	**-0.41%**
2. Net financial income (V-VI)	**4.2**	**10,870**	**115,093**	**-90.56%**
3. Recurring income before tax (I-II + III-IV + V-VI)		**19,793**	**114,577**	**-82.73%**
Non-recurring income:				
On management transactions		0	0	
On capital transactions		55,033	34,321	
Reversals of provisions, impairment and transferred expenses		417	45,219	
Total VII – Non-recurring income	**4.3**	**55,450**	**79,540**	**-30.29%**
Non-recurring expenses:				
On management transactions		73	32	
On capital transactions		44,123	24,559	
Impairment, amortisation and provisions		1,350	1,314	
Total VIII – Non-recurring expenses	**4.3**	**45,545**	**25,905**	**75.82%**
4. Non-recurring income (VII-VIII)	**4.3**	**9,904**	**53,635**	**-81.53%**
Employee profit-sharing (IX)		0	0	
Corporate income tax (X)	4.4	-266	0	
Total income (I + III + V + VII)		**227,966**	**353,583**	**-35.53%**
Total expenses (II + IV + VI + VIII + IX + X)		**198,003**	**185,370**	**6.82%**
NET INCOME (+) OR LOSS (-)		**29,963**	**168,212**	**-82.19%**

4.5 Notes to the company financial statements

4.5.1 Significant events during the fiscal year

4.5.1.1 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 2021, the Company's variable revenues represented 57% of its revenues. A 10% decrease in Accor rents leads to a €1,536 thousand decrease and a 20% decrease in Accor rent leads to a €3,073 thousand decrease.

At 31 December 2021, 43 hotels in the Accor portfolio were open.

4.5.1.2 Acquisitions of real estate assets, works and developments

There were no acquisitions of assets during the current fiscal year.

4.5.1.3 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 31/12/2020
Jardiland Chateaudun	1,289	1,260	-29	1,230
Jardiland Châtellerault	2,685	3,800	1,115	3,790
Jardiland Dammarie	2,363	3,485	1,122	3,488
Jardiland Le Mans	3,930	5,920	1,990	5,820
Jardiland Lempdes	861	1,400	539	1,400
Jardiland Montauban	2,046	2,680	634	2,680
Jardiland Saran	3,443	4,100	657	4,150
Jardiland Vendôme	700	530	-170	530
Jardiland Tarbes	2,690	4,626	1,936	4,330
Jardiland Calais	1,965	2,966	1,001	2,870
Jardiland Chancelade	2,547	3,500	953	3,530
Jardiland Domerat	2,932	4,350	1,418	4,380
Jardiland Limoges	3,483	4,100	617	3,782
Courtepaille Lille Villeneuve	1,153	969	-184	939
Courtepaille Orléans*	23	6	-17	6
Courtepaille Lille Marcq	1,715	1,219	-496	1,182
Courtepaille Fresnes Les Montauban	1,289	1,199	-90	1,156
Courtepaille Lille Mouvaux	894	769	-126	748
Courtepaille Tours Sud	973	1,450	476	1,405
Courtepaille Amiens	1,204	1,621	417	1,600
Courtepaille Bourg-en-Bresse	1,362	650	-712	820
TOTAL	**42,642**	**54,999**	**12,357**	**54,056**

* On 4 May 2021, a deed of sale for part of the building was signed in favour of Cofiroute following an expropriation order of 22 March 2019 justified by a project to develop the A10 north of Orléans.

4.5.1.4 Acquisitions of equity securities

Equity investments rose sharply (+€107,152 thousand). This increase is mainly due to the increase in the value of equity interests in Murdelux following the UTA transaction of Foncière Ulysse with exchange of Murdelux shares and the conversion of the loan granted by Covivio hotel of €50 million into capital.

4.5.1.5 Capital Increase

The General Meeting held on 8 April 2021 decided to distribute a dividend of €0.26 per share, *i.e.* a total of €34,960 thousand, fully paid at the closing date of the fiscal year.

The Manager's minutes of 14 June 2021 approved a capital increase by issuing 15,593,836 new shares with a nominal value of €16. These new shares were fully paid up for a gross amount of €249,501 thousand, broken down into €62,375 thousand in nominal value and €187,126 thousand in issue premium.

4.5.1.6 Debt refinancing

During the fiscal year, the repayment of €175 million of the Bridge Roco 2 and Bridge Roco debts took place on 14 June 2021, financed by the capital increase mentioned in point 4.5.1.5.

The company also redeemed a bond issue for €187 million.

There was also a refinancing in the second half of the existing debt by the issuance of a bond of €599 million allowing the repayment of several debts whose maturity was relatively close and under more advantageous conditions in terms of costs and duration.

4.5.1.7 Restructuring of hedging

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 €7,525 thousand, which was spread in full over the term.

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 2021.

4.5.1.8 Tax audit

No current tax audit of the company.

4.5.2 Accounting principles, rules and methods

Covivio Hotels is the parent company of the Covivio Hotels Group, and draws up its consolidated financial statements according to IFRS. Its registered office is at 30, avenue Kleber – 75208 Paris Cedex 16. It is registered in the Paris Trade and Companies Register under number 955 515 895. The consolidated financial statements are available from this address.

Covivio Hotels is fully consolidated by the company Covivio, located at 18, avenue François Mitterrand – CS 10449 – 57017 METZ Cedex 01. Covivio is registered in the Metz Trade and Companies Register under number 364 800 060. The consolidated financial statements are available from this address.

The balance sheet and income statement are drawn up in accordance with French legislation and generally accepted accounting principles in France.

The notes are prepared in accordance with the French accounting standards authority (ANC) Regulation No. 2014-03 published by the Decree of 8 September 2014 and subsequent regulations currently in force.

General accounting conventions were applied, respecting the prudence principle, in accordance with the following basic assumptions:

- going concern
- consistency of accounting policies from one year to the next
- independent fiscal years

and in accordance with the rules for preparing and presenting annual financial statements pursuant to the French Law of 30 April 1983 and the Implementation Decree of 29 November 1983.

The historical cost method was adopted as the basic method of accounting.

Tangible fixed assets have been recorded under the component method since 1 January 2005.

4.5.2.1 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 buildings under renovation: work carried out is recognised as fixed assets in progress as and when invoices from suppliers are received and then transferred to construction upon receipt of the completion report.

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

4.5.2.2 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 the end of a fiscal year 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.

4.5.2.3 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.

4.5.2.4 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 the end of the financial year, 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.

4.5.2.5 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.

4.5.2.6 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 the end of the financial year, 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	1.105734
Closing rate	1	1.185100

4.5.2.7 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.

4.5.2.8 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.

4.5.2.9 Provisions for financial risks and charges

An isolated open position (IOP) must be recognised if the company is in a position of over-hedging (whether the over-hedging is risk or an unrealised gain). The IOP is reflected in the financial statements by the recognition of a derivative account and a valuation difference account on cash instruments. When the value of the derivative is a liability, the company must recognise a provision for over-hedging. When the IOP representing a derivative liability ceases to be a liability, the provision is reversed and the market value of the derivative at the date the hedging relationship is established is amortised to profit or loss over its residual term.

4.5.2.10 Borrowings, 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.

4.5.2.11 Deferred charges

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

4.5.2.12 Bond redemption premium

These are amortised over the life of the bond.

4.5.2.13 Revenue

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 the end of the financial year to reflect revenues for the year.

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

Since 1 January 2021, Accor invoicing has been carried out quarterly in advance on the basis of a budget sent by Accor and an adjustment is made at the end of each quarter on the basis of the actual results of the hotels.

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

4.5.2.14 Income tax

Covivio Hotels has been subject to the Sociétés Immobilières d'Investissements Cotées (SIIC) (real estate investment company) tax regime since 1 January 2005. Accordingly, its real estate letting activity and its income from the disposal of assets are exempt from corporate income tax. Any other activities, however, remain subject to income tax.

The SIIC regime allows the exemption of:

- income from the leasing of assets
- capital gains from the sale of assets to non-related companies
- dividends from subsidiaries are either subject to corporate income tax and opting for the SIIC regime or not subject to corporate income tax.

In return, the Company is subject to the following obligations concerning dividends:

- 95% of the taxable income from the leasing of assets must be distributed before the end of the year after the one in which said income was generated
- 70% of the capital gains from disposals of assets and shares in subsidiaries having opted for the tax treatment must be distributed before the end of the second fiscal year following the one in which they were realised
- 100% of the dividends from subsidiaries that have opted for the tax treatment must be distributed during the year after the year they are received.

The total distribution obligation is calculated by applying the appropriate distribution coefficient to each income category, limited to the taxable income from the entire exempt sector.

4.5.3 Explanations of balance sheet items

4.5.3.1 Non-current assets

Adjustment to gross values

			Increases		Decreases		
(€K)	Note 4.5	Gross amount at 31/12/2020	Acquisition and works	Transfers	Disposals and other subtractions	Transfers	Gross amount at 31/12/2021
Intangible fixed assets		**0**	**0**	**0**	**0**	**0**	**0**
Tangible fixed assets		**631,104**	**2,535**	**3,647**	**68,589**	**3,647**	**565,050**
• Land	3.1.1	155,776	0	0	26,432	0	129,344
• Buildings	3.1.1	469,303	0	3,647	42,157	0	430,793
• Other tangible fixed assets		22	0	0	0	0	22
• Under construction assets	3.1.1	6,003	2,535	0	0	3,647	4,891
Financial Assets		**3,960,958**	**281,219**	**0**	**254,325**	**0**	**3,987,852**
• Equity investments	3.1.2	2,276,050	112,348	0	5,196	0	2,383,202
• Loans	3.1.3	1,684,686	166,829	0	248,178	0	1,603,337
• Long-term securities	3.1.4	209	882	0	951	0	140
• Other non-current financial assets		13	1,160	0	0	0	1,173
TOTAL FIXED ASSETS		**4,592,062**	**283,754**	**3,647**	**322,914**	**3,647**	**4,552,902**

4.5.3.1.1 Tangible fixed assets

The change in tangible fixed assets is mainly due to:

- work carried out in the following amounts:
  - €2.50 million in work on hotels
- removals from fixed assets in the following amounts:
  - the sale of 14 properties in the JARDILAND portfolio for a total amount of €47 million
  - the sale of eight properties in the COURTEPAILLE portfolio for a total amount of €7.90 million
  - scrapping following the replacement of certain components for a total amount of €1.88 million.

4.5.3.1.2 Change in equity investments

The positive change in equity securities is mainly due to the capital increase without the issue of new Murdelux securities for €81,755 thousand. Below is a complete breakdown of the increases:

Company	Value of securities (in €K)
AMOUNT AT 31/12/2020	**2,276,050**
Acquisition of securities and other assets	
Murdelux	81,755
FDM M LUX S.à.r.l	10,949
Constance	19,644
Total increase of securities following acquisition	**112,348**
Capital reduction	
FONCIÈRE ULYSSE	4,931
FONCIÈRE MANON	265
Total capital reduction	**5,196**
AMOUNT AT 31/12/2021	**2,383,202**

4.5.3.1.3 Breakdown of loans

The loans consist of:

Type of loan	(€K)
Loans to subsidiaries	1,589,279
Accrued interest on loans	11,509
Accrued interest on swaps	2,549
TOTAL	**1,603,338**

The breakdown of loans to subsidiaries is as follows:

(€K)	Outstanding principal due at 31/12/2021	Accrued interest at 31/12/2021	Outstanding principal due at 31/12/2020
Murdelux [1]	756,518	5	781,173
Investment FDM Rocatierra	227,600	4,848	227,600
Constance	158,866	5,201	148,781
SNC Foncière Otello	101,667	0	146,781
FDM M Lux	138 337	0	138,337
SCI Rosace	37,500	0	37,500
OPCI Oteli	35,031	104	35,031
LHM Holding Lux	28,960	337	28,960
Ingrid France	26,735	0	26,735
SAS Kombon	19,949	59	19,949
B&B Invest Lux 4 [2]	0	0	17,580
Samoens	13,663	163	14,665
Bardiomar	8,798	163	8,798
Ruhl Côte d'Azur	8,500	0	8,500
SCI Porte Dorée	7,747	217	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	269	5,962
TOTAL	**1,589,279**	**11,509**	**1,667,544**

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

(€K)	2021	2020	change	Loans/comments features
UK loans portfolio:	349,983	326,544	23,439	
Acquisition portfolio in 2018	483,477	483,477	0	Signed on 18/07/2018 – 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 12/02/2019
Impact of the currency gains and losses	21,561	-1,877	23,438	Translation at closing rate (*i.e.* at 31/12/2020: £1 = €1.105734 against £1 = €1.18510 at 31/12/2021)
Roco portfolio loan	185,058	229,687	-44,629	Signed on 02/09/2020 – rate 2.26% – term 7 years
Kempense Meren loans	26,375	26,375	0	Signed on 01/01/2019 – rate 4.39% – term 3.5 years
H Invest Lux loans 1	22,476	25,500	-3,024	Signed on 01/01/2019 – rate 4.99% – term 4 years
Portmurs loans	24,037	24,037	0	Signed on 01/01/2012 – rate 4.94% – term 8 years
LHI2 loans (Netherlands options)	30,032	33,623	-3,591	Signed on 27/12/2018 – rate 3.61% – term 7 years
NH Amsterdam loans	7,675	21,590	-13,915	Signed on 05/06/2014 – rate 5% – term 7 years
Loans for investment in Poland	17,734	17,735	-1	Signed on 22/10/2019 and 06/12/2019 – rate 2.6% and 2.71% - term 7 years
H Invest Lux loans 2	16,897	17,200	-303	Signed on 01/01/2019 – rate 5.11% – term 6 years
Ringer (Hotel Munich) loans	17,000	17,000	0	Signed on 07/07/2015 – rate 5% – term 6.5 years
Sunparks loans	9,724	9,724	0	Signed on 01/01/2019 – rate 4.93% – term 3 years
B&B Lux loans 5	6,581	8,200	-1,619	Signed on 01/01/2019 – rate 5.09% – term 3.5 years
Mo Lux loan 1	6,179	6,800	-621	Signed on 01/01/2019 – rate 5.12% – term 3 years
B&B Lux loans 1	5,465	5,465	0	Loan restructuring on 10/12/2020. Signed on 10/12/2020 – rate 2.39% – term 7 years
B&B Lux loans 2	4,650	4,650	0	Loan restructuring on 10/12/2020. Signed on 10/12/2020 – rate 2.4% – term 7 years
B&B Lux loan 3	4,370	4,370	0	Loan restructuring on 10/12/2020. Signed on 10/12/2020 – rate 2.4% – term 7 years
Mo Lux loan 1	2,063	2,063	0	Loan restructuring on 10/12/2020. Signed on 10/12/2020 – rate 2.39% – term 7 years
Acquisition Jouron loans	610	610	0	Signed on 01/07/2019 – rate 1.56% – term 30 years
B&B Invest Lux 4 (2)	17,580	0	17,580	Concluded on 01/01/2021 - rate 2.40% - term until January 2028
TOTAL	**754,490**	**781,173**	**-26,683**	

(2) The loans granted to B&B Lux 4 were repaid in full to Covivio Hotels. A new loan for the same amount was signed directly between Murdelux and its subsidiary.

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 2022 at the earliest to June 2050 at the latest, is stipulated in the agreement.

4.5.3.1.4 Breakdown of other long-term securities

Detail of treasury shares	Number of shares	(€K)
Shares held by the company - liquidity agreement	8,816	140
Shares held by the company - external growth	0	0
Shares held by the company for allocation to employees	0	0

(€K)	31/12/2020	Increase	Decrease	31/12/2021
Treasury shares	209	882	951	140
TOTAL	**209**	**882**	**951**	**140**

At 31 December 2021, the company held 8,816 treasury shares under a liquidity agreement, *i.e.* a total amount of €140 thousand.

Change in amortisation, depreciation and provisions

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

(€K)	Note 4.5	31/12/2020	Increases: Charges	Decreases: Transfers	Decreases: Disposals and other subtractions	31/12/2021
Impairment of intangible fixed assets		**0**	**0**		**0**	**0**
Depreciation and impairment of tangible fixed assets		**222,785**	**15,506**	**0**	**27,248**	**211,043**
• Buildings		216,182	13,581	0	25,265	204,498
• Other tangible fixed assets		8	0	0	0	8
• Impairment/land and buildings	3.1.5	6,595	1,925	0	1,983	6,537
Impairment of financial assets		**39,779**	**32,923**	**0**	**6,569**	**66,133**
• Investments	3.1.6	39,779	32,923	0	6,569	66,133
TOTAL		**262,564**	**48,429**	**0**	**33,817**	**277,176**

4.5.3.1.5 Breakdown of asset impairment

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)	31/12/2020	Charges	Reversals of provisions	31/12/2021
Jardiland Blois	1,222	285	0	1,507
Courtepaille Bourg en Bresse*	551	0	551	0
Courtepaille Les Ulys	540	0	4	536
Courtepaille Marcq-en-Baroeul*	536	0	536	0
Courtepaille Évry	498	3	0	501
Courtepaille La Charité sur Loire	436	0	38	398
Courtepaille Marne La Vallée	372	0	13	359
Courtepaille Évreux	346	0	9	337
Courtepaille Créteil	307	0	19	288
Courtepaille Limoges Beaubreuil	276	265	0	541
Courtepaille Meaux	252	0	10	242
Courtepaille Lille Villeneuve*	216	0	216	0
Courtepaille Villemandeur	199	0	32	167
Courtepaille Cergy-Pontoise	0	235	0	235
Courtepaille ST Brieuc	0	141	0	141
Courtepaille Avallon Cussy	0	419	0	419
Courtepaille Caen Nord	0	249	0	249
Courtepaille Auxerre Nord	0	34	0	34
Courtepaille Linas	0	189	0	189
Courtepaille Moissy Cramayel	0	105	0	105
Jardiland Naveil*	172	0	172	0
Courtepaille La Plaine Saint Denis	167	0	3	164
Courtepaille Lille Mouvaux*	149	0	149	0
Courtepaille Heillecourt	148	0	23	125
Courtepaille Fresnes Montauban*	141	0	141	0
Jardiland Chateaudun*	67	0	67	0
TOTAL	**6,595**	**1,925**	**1,983**	**6,537**

* Reversals of assets sold in 2021.

4.5.3.1.6 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)	31/12/2020	Charges	Reversals of provisions	31/12/2021
FDM M Lux	20,521	21,377	0	41,898
Constance	10,770	0	4,528	6,242
Bardiomar	4,730	11,546	0	16,276
Oteli	2,391	0	1,693	698
LHM Holding Lux	1,321	0	302	1,019
Foncière Manon	46	0	46	0
TOTAL	**39,779**	**32,923**	**6,569**	**66,133**

4.5.3.2 Current Assets

4.5.3.2.1 Breakdown of receivables by maturity

The balance of receivables at 31 December 2021 of €12,255 thousand corresponds to receivables not yet due for €9,314 thousand and €2,941 thousand of doubtful loans.

(€K)	Gross amount at 31/12/2021	Less than 1 year	More than 1 year	Gross amount at 31/12/2020
Trade receivables and related accounts	**12,255**	**10,981**	**1,273**	**10,350**
Trade receivables	7,359	7,359	0	6,376
Rent exemption (1)	1,413	140	1,273	1,975
Invoices to be issued	3,226	3,226	0	1,972
Expenses that may be recovered from tenants	256	256	0	27
Current accounts	**141,403**	**141,403**	**0**	**52,242**
Other receivables	**2,185**	**2,185**	**0**	**3,410**
Miscellaneous receivables	554	554	0	1,637
VAT receivables	718	718	0	1,230
Tax receivables (2)	913	913	0	542
TOTAL	**155,844**	**154,571**	**1,273**	**66,001**

(1) Change of method since the previous fiscal year: 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.

As of 31 December 2021, the balance of receivables resulting from the spreading was €1,413 thousand:

(€K)	Historic recovery at 31/12/2020	New rent-free periods for 2021	Smoothing 2021	Rent-free periods on assets sold in 2021	Remaining rent-free periods at 31/12/2021
Hotel real estate	1,535		-138		1,397
Retail	440		-36	-388	16
TOTAL	**1,975**	**0**	**-174**	**-388**	**1,413**

(2) Following the merger with FDM Management, Covivio Hotels acquired a CICE receivable of €539 thousand from the companies SLIH and Alliance. This receivable will be subject to a repayment request in 2022.

A tax credit of €265 thousand was recognised for the current fiscal year for rent waivers.

4.5.3.2.2 Impairment of trade receivables

Impairment of trade receivables amounted to €2,477 thousand as of 31 December 2021, and relates to retail assets:

(€K)	Impairment 31/12/2020	Charges	Reversals of provisions	Impairment 31/12/2021
Retail portfolio	3,332	146	1,001	2,477
TOTAL	**3,332**	**146**	**1,001**	**2,477**

4.5.3.2.3 Accruals on assets and other assets

(€K)	31/12/2021	31/12/2020
Prepaid operating expenses:	91	127
of which letting	0	0
of which external and other expenses	91	127
Prepaid financial expenses:	17,669	20,400
of which agent commissions	84	128
of which renegotiation of equalisation payments	16,989	19,080
of which IOP temporary account (1)	596	1,192
Total prepaid expenses	**17,760**	**20,527**
Total deferred expenses of which loan issue costs	**10,403**	**12,321**
Bond redemption premiums		
of which €350 million bond (2)	3,346	1,013
Total Bond redemption premiums	**3,346**	**1,013**
Currency translation gains (3)		
Increase in liabilities	24,317	34
Decrease in receivables	15	7,545
Total currency translation gains	**24,331**	**7,579**
TOTAL	**55,840**	**41,440**

(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 the end of the financial year, receivables and debt are converted at the closing rate. These conversion differences are recorded in transitional accounts, pending subsequent adjustment. The decrease in debt mainly concerns the unrealised loss on the loan of £400 million, the pound having depreciated by 6.70% over the 2021 fiscal year.

4.5.3.2.4 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.

4.5.3.2.5 Receivables

(€K)	31/12/2021	31/12/2020
Other financial assets (accrued interest on loans)	14,059	17,142
Trade receivables and related accounts (invoice not yet submitted)	3,227	1,972
Other receivables	0	0
TOTAL	**17,285**	**19,114**

4.5.3.3 Shareholders' equity

At 31 December 2021, the share capital comprised 148,141,452 shares, all of the same class, with a par value of €4 each and totalling €592,565,808.

At 31 December 2021, the company held 8,816 treasury shares.

		Increase		Decrease		
(€K)	31/12/2020	Increase during the year	Change in accounting method	Other changes during the year	Allocation of net income/Dividend distribution	31/12/2021
Share capital	530,190	62,375	0	0	0	592,565
Share premium account	1,090,855	187,126	0	-7,686	0	1,270,295
Merger premiums	353,741	0	0	0	0	353,741
Additional paid-in capital	61,587	0	0	0	0	61,587
Legal reserve	53,019	6,238	0	0	0	59,257
Retained earnings	33,300	2	46	0	133,250	166,597
Net income for the fiscal year	168,212	29,963	0	0	-168,212	29,963
Regulated provisions	5,224	1,231	0	-299	0	6,157
SHAREHOLDERS' EQUITY	**2,296,128**	**286,935**	**46**	**-7,985**	**-34,962**	**2,540,161**

Capital increase

The General Meeting held on 8 April 2021 decided to pay a dividend of €34.96 million.

The Manager's minutes of 14 June 2021 recorded the decision to issue 15,593,836 new shares at €16 each, *i.e.* a gross amount of €249.50 million, of which €62.37 million in par value and €187.13 million in issue premium. It was also decided to allocate €6.24 million to the legal reserve by deducting from this same premium.

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 2021 amounted to €1,449 thousand.

Appropriation of earnings for the prior fiscal year

The Ordinary Combined General Meeting on 8 April 2021 allocated prior year income as described below and paid an ordinary dividend of €0.26 per share.

(€K)	
Net income for the year ended 31/12/2020	168,212
Share premium account	0
Retained earnings	33,300
TOTAL TO BE ALLOCATED	**201,512**
Legal reserve	0
Share premium account	0
Dividends paid*	34,962
Retained earnings	166,550
TOTAL ALLOCATED	**201,512**

* The €34,962 thousand in dividends paid out breaks down as follows:

- €500 thousand in preferred dividends paid to Covivio Hotel Gestion
- €34,462 thousand in dividends paid in cash.

Change of method

The Group decided to apply the IFRIC approach for the parent company's financial statements concerning employee commitments, the IFRIC. This change in accounting method made on 31 December 2021 had an impact on shareholders' equity for €46 thousand.

Regulated provisions

These are capital cost allowances used on assets for which a finance lease option was exercised for €3,291 thousand.

The remaining €2,866 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 to be amortised until 31 December 2024.

4.5.3.4 Provisions for risks and charges

(€K)	Note 4.5	31/12/2020	Increase		Decrease		31/12/2021
			TUP	Charges	Reversals of provisions (amount used)	Reversals of provisions (amount not used)	
Provisions for risks	**3.4.1**	**843**	**0**	**7,520**	**0**	**611**	**7,752**
Provision for foreign exchange losses		605	0	7,520	0	605	7,520
Provisions for free share contributions		238	0	0	0	6	232
Provisions for charges		**245**	**0**	**60**	**0**	**73**	**232**
End-of-career benefits	3.4.2	141	0	0	0	65	76
Long service award		104	0	0	0	8	96
Departure		0	0	60	0	0	60
TOTAL		**1,088**	**0**	**7,580**	**0**	**685**	**7,984**

4.5.3.4.1 Provisions for risks

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 2021, 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 €7,520 thousand, leading to the recognition of a €7,520 thousand provision for translation losses.

4.5.3.4.2 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	31/12/2021	31/12/2020
Discount rate	0.501%	0.11%
Annual inflation	–	–
Annual wage growth		
Managers	4%	4%
Non-managers	*3%*	*3%*
Payroll tax rate (end-of-career benefits only)	*48.49%*	*48.96%*
Mortality rate	TGF05/TGH05	TGF05/TGH05
	8.56% (20 years)	8.56% (20 years)
	8.56% (30 years)	8.56% (30 years)
	8.56% (40 years)	8.56% (40 years)
Turnover	0% (50 years)	0% (50 years)
Reason for retirement	At the initiative of the employee	At the initiative of the employee

4.5.3.5 Debt

(€K)	Note 4.5	31/12/2021	Amount due in less than 1 year	Amount due in 1 to 5 years	Amount due in over 5 years	31/12/2020
Non-convertible bonds	3.5.1	1,156,010	7,010	550,000	599,000	741,627
Borrowings and debts from credit institutions	3.5.2	748,634	36,129	712,505	0	1,273,686
Other sundry loans and borrowings	3.5.3	75,375	75,375	0	0	120,653
Advances and pre-payments		350	350	0	0	0
Trade payables and related accounts		1,617	1,617	0	0	6,499
Tax and social security liabilities	3.5.4	2,975	2,975	0	0	2,815
Debt on fixed assets and related accounts	3.5.5	3,308	3,308	0	0	574
Other liabilities	3.5.6	310	310	0	0	7,175
Pre-booked income		0	0	0	0	0
Treasury instruments	3.5.7	140	140	0	0	232
TOTAL		**1,988,719**	**127,214**	**1,262,505**	**599,000**	**2,153,260**

4.5.3.5.1 Non-convertible bonds

Bonds

The features of these bonds are as follows:

Issue date	27/07/2021 and 02/11/2021
Issue amount (in €M)	599
Partial redemption	0
Nominal value following partial redemption	599
Nominal rate	1,000%
Maturity	27/07/2029

The balance of the bond amounts to €601,593 thousand, corresponding to accrued interest for €2,593 thousand and outstanding capital of €599,000 thousand.

Issue date	24/09/2018
issue amount (in €M)	350
Partial redemption	0
Nominal value following partial redemption	350
Nominal rate	1.875%
Maturity	24/09/2025

The balance of this bond is €351,780 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:

Issue date	29/05/2015
Issue amount (in €M)	200
Partial redemption	0
Nominal value following partial redemption	200
Nominal rate	2.218%
Maturity	29/05/2023

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.

4.5.3.5.2 Borrowings and debts from credit institutions

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

(€K)	31/12/2020	Increase	Decrease	31/12/2021
Borrowings and debts from credit institutions*	1,255,345	31,746	544,791	742,300
Accrued interest	5,886	6,333	5,886	6,333
Bank overdrafts	12,455	0	12,455	0
TOTAL	**1,273,686**	**38,080**	**563,132**	**748,634**

* The main changes concern:

- the repayment of €175 million of the Bridge Roco 2 and Bridge Roco debts on 14 June 2021 financed by the capital increase mentioned in point 5
- refinancing in the second half of the existing debt through the issuance of a bond of €599 million allowing the repayment of part of the debt for a new one under more advantageous conditions in terms of costs and duration
- an increase in the GBP debt drawn on the agricultural loan resulting from currency translation differences for €31.75 million (change in 2020/2021).

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4.5.3.5.3 Other sundry loans and borrowings

Sundry loans and borrowings consist of:

current accounts in credit for €75,344 thousand

(€K)	31/12/2021	31/12/2020
Foncière Otello	2,392	32,961
Investment FDM Rocatierra	32,178	23,748
SLIH	6,243	6,045
Constance	5,239	3,579
SCI Porte Dorée	3,170	3,163
Ruhl Côte d’Azur	1,319	1,607
René Clair	1,971	1,396
SCI Rosace	2,445	954
B&B Invest Espagne	357	53
INGRID France	11,248	0
Covivio Hotels Gestion Immobilière	222	0
SARL Loire	2	31
Ulysse Belgique	0	11,872
Murdelux	297	15,131
Société Nouvelle Hotel Plaza	0	230
Others	8,261	19,739
TOTAL	**75,344**	**120,509**

- tenants’ security deposits in the amount of €30 thousand.

4.5.3.5.4 Tax and social security liabilities

Tax and social security liabilities comprise:

- €2,092 thousand: VAT
- €750 thousand: Social charges/wages
- €62 thousand: Personnel – expenses payable
- €72 thousand: State taxes due (other than income tax).

4.5.3.5.5 Debt on fixed assets

Fixed asset liabilities comprise:

- €3,303 thousand: Accrued invoices on works
- €4 thousand: Holdback.

4.5.3.5.6 Other liabilities

(€K)	31/12/2021	31/12/2020
Trade payables*	271	4,178
Credit notes to be issued (settlement of Accor variable rents)	39	2,994
Other liabilities	0	3
TOTAL	**310**	**7,175**

* Of which: Group creditors for €4 thousand.

4.5.3.5.7 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.

4.5.3.5.8 Banking covenants

LTV Conso	Scope	Covenant threshold	Ratio
€130 million (2013) – REF I	Covivio Hotels	≤60%	In compliance
€279 million (2017) – Roca	Covivio Hotels	<60%	In compliance
£400 million (2018) – Rocky	Covivio Hotels	≤60%	In compliance

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

At 31 December 2021, the company was in compliance with all its ICR and LTV guaranteed corporate credit banking covenants: LTV <60%, ICR >200%.

4.5.3.5.9 Accrued expenses

(€K)	31/12/2021	31/12/2020
Accrued interest on borrowings	13,343	10,960
Invoices not received	4,380	1,785
Other payables (credit notes to be issued)	39	2,996
Tax and social security liabilities	503	877
Accrued interest on current bank overdrafts	0	15
TOTAL	**18,265**	**16,633**

4.5.3.5.10 Accruals and accrued income

(€K)	31/12/2021	31/12/2020
Currency translation losses		
Decrease in liabilities	16,667	9,554
Increase in receivables	549	25
TOTAL	**17,216**	**9,579**

At the end of the financial year, 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 6.7% in the fiscal year 2021.

4.5.4 Notes to the income statement

In 2021, net income amounted to a positive €29,963 thousand, compared with a profit of €168,212 thousand in 2021.

4.5.4.1 Operating income

4.5.4.1.1 Revenue

(€K)	31/12/2021	31/12/2020
Rental income (1)	**26,886**	**27,675**
Rental income from the Hotels segment	22,189	15,911
Rental income from retail premises	5,926	11,945
Rental rebates, discounts and other credits	-1,055	0
Rent-free periods	0	-2,057
Spreading of rent-free periods	-174	1,876
Provision of services (2)	**20,318**	**18,976**
TOTAL	**47,204**	**46,651**

(1) No rent-free periods were granted in 2021.
(2) Service provisions include the rebilling of taxes to tenants and of network costs to subsidiaries.

4.5.4.1.2 Reversals of provisions and transfers of operating expenses

Reversal of provisions and transferred operating expenses include:

(€K)	31/12/2021	31/12/2020
Reversals of provisions for operating risks and charges	**1,034**	**334**
Reversals of impairment on tangible fixed assets	**1,982**	**933**
Transferred charges	**2,376**	**1,428**
Loan issue costs*	2,374	1,428
Operating expenses	0	0
Personnel expenses	2	0
TOTAL	**5,392**	**2,695**

* 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.

4.5.4.1.3 Operating expenses

(€K)	31/12/2021	31/12/2020
Other purchases and external expenses	13,012	14,043
Taxes and related payments	5,360	5,555
Wages [(1)]	2,880	3,117
Social security charges [(1)]	1,025	1,408
Depreciation, amortisation, impairment and provisions [(2)]	20,059	25,643
Other operating expenses	1,355	216
TOTAL OPERATING EXPENSES	**43,691**	**49,982**

(1) Statutory remuneration is recognised in the accounts 653010 for €1,203 thousand, *i.e.* at line level Other operating expenses which explains the variation in the "Salaries" item.

(2) Breakdown of depreciation, amortisation impairment and provisions:

(€K)	31/12/2021	31/12/2020
Depreciation and amortisation of operating properties and intangible fixed assets	0	0
Depreciation of rental assets	13,642	15,251
Depreciation of merger deficits	0	0
Depreciation of furniture and equipment	0	0
Depreciation of deferred expenses	4,285	3,408
Sub-total for depreciation and amortisation	**17,927**	**18,659**
Provisions for trade receivables	146	3,332
Provisions for fixed assets	1,925	3,576
Provisions for risks and charges	60	76
Sub-total provisions for impairment and provisions	**2,132**	**6,984**
TOTAL	**20,059**	**25,643**

There were fewer impairments on trade receivables and buildings in 2021 compared to 2020, which mainly explains the decrease in this item.

4.5.4.2 Financial income

(€K)	Note 4.5	31/12/2021	31/12/2020
Financial income from investments		**56,575**	**161,327**
Dividends received from subsidiaries and equity investments	4.2.1	56,575	161,327
Other marketable securities and fixed asset receivables income		**41,560**	**43,033**
Income from loans to subsidiaries		41,560	43,033
Income from other loans		0	0
Other interest and similar income		**14,369**	**13,892**
Interest on group current accounts		597	317
Income from swaps		13,759	13,120
Other income		14	123
Merger premiums		0	0
Default interest		0	332
Reversals of provisions and transferred expenses	**4.2.2**	**7,129**	**6,258**
Reversals of provisions for financial risks and charges		606	6,258
Reversals of provisions on financial assets		6,523	0
Positive exchange differences		**269**	**66**
Exchange gain	4.2.3	269	66
Net income from disposal of marketable securities		**0**	**0**
Total financial income		**119,902**	**224,576**
Provisions for financial risks and charges		**40,802**	**39,957**
Bond redemption premium		358	214
Provisions for financial risks		7,520	0
Provisions on financial assets	4.2.4	32,923	39,743
Interest and similar expenses		**68,130**	**68,117**
Interest on borrowings		55,528	53,704
Interest on group current accounts		818	1,477
Restructuring payments hedging		9,729	10,542
Amortisation of IOP (Isolated Open Positions) instruments		596	596
Bank interest and financing operations		1,459	1,798
Negative exchange differences		**50**	**1,409**
Exchange loss	4.2.3	50	1,409
Net expenses from disposal of marketable securities		**0**	**0**
Other financial expenses		**51**	
Total financial expenses		**109,033**	**109,483**
NET FINANCIAL INCOME/(CHARGES)		**10,870**	**115,094**

4.5.4.2.1 Breakdown of dividends

Details of dividends received by subsidiaries can be found in Section 4.5.6.5.

4.5.4.2.2 Breakdown of reversals of provisions and transfers of financial expenses

(€K)	31/12/2021	31/12/2020
Transferred financial expenses	**0**	**0**
Interest on borrowings	0	0
Reversal of provision	**7,129**	**6,258**
Provision for foreign exchange losses*	606	6,258
Provision for over-hedging	0	0
Provision for impairment of securities	6,523	0
TOTAL	**7,129**	**6,258**

* The unrealised loss on currency translation differences in 2020 gave rise to a provision for foreign exchange losses of €606 thousand, reversed in the amount of €606 thousand in 2021.

4.5.4.2.3 Positive and negative exchange rate differences

Foreign exchange gains and losses recorded in 2021 relate to the impact of the foreign exchange differences recorded at the closing date on bank accounts.

4.5.4.2.4 Provisions for financial assets

Securities are impaired when the net remeasured position of subsidiaries is less than the net book values of the securities:

(€K)	31/12/2021	31/12/2020
FDM M Lux	21,377	20,521
Constance	0	10,770
Bardiomar	11,546	4,730
Oteli	0	2,391
LHM Holding Lux	0	1,285
Foncière Manon	0	46
TOTAL	**32,923**	**39,743**

4.5.4.3 Net non-recurring income

Income (in €K)	31/12/2021	31/12/2020	Expenses (in €K)	31/12/2021	31/12/2020
Non-recurring income on management transactions	**0**	**0**	**Non-recurring expenses on management transactions**	**73**	**32**
			Fines - tax penalties	0	1
Miscellaneous income	0	0	Miscellaneous expenses	73	31
Income on capital transactions	**55,033**	**34,321**	**Expenses on capital transactions**	**44,123**	**24,559**
Non-recurring income on disposal of buildings (1)	54,999	34,269	Book value of buildings sold off (1)	42,642	24,318
			NBV of component outputs	621	113
Income from disposal of securities	26	49	Book value of securities sold	0	103
Miscellaneous non-recurring income	8	3	Non-recurring expenses	860	25
Reversals of provisions	**417**	**45,219**	**Depreciation and provisions**	**1,350**	**1,314**
Reversals of capital cost allowances	299	480	Accelerated depreciation (2)	1,231	1,239
Reversal of impairment of equity investments	0	44,739	Depreciation and amortisation charges	118	75
Reversal of depreciation	118	0			
Non-recurring income	**55,450**	**79,540**	**Non-recurring expenses**	**45,545**	**25,905**
NET NON-RECURRING INCOME	**9,904**	**53,635**			

(1) For the breakdown of disposals of assets, see Section 4.5.1.3 "Disposals of real estate assets".

(2) Capital cost allowances concern assets purchased under finance leases for which options were exercised (€86 thousand) and acquisition costs for the securities of OPCI Oteli (€777 thousand) and SAS Kombon (€369 thousand). There is still a total of €2,863 thousand to be amortised until 31 December 2024.

4.5.4.4 Income tax

Nil.

4.5.4.5 Increases and reductions in future tax liabilities

Tax loss carryforwards amounted to €100,163 thousand at 31 December 2021.

4.5.5 Off-balance sheet commitments

4.5.5.1 Commitments given

Commitments received (in €M)	Deadline	31/12/20221	31/12/2020
Commitments related to consolidated companies		**0.0**	**0.0**
Investment commitments [(1)]		0.0	0.0
Commitments given for specific transactions		0.0	0.0
Commitments related to financing		**698.0**	**1,084.0**
Financial guarantees given (CRD of pledged debt)		698.0	1,084.0
Commitments related to operating activities (A + B+ C)		**24.4**	**82.0**
A- Commitments given related to business development		**0.7**	**46.2**
Work commitments outstanding on assets under development [(2)]		0.0	0.0
Purchase commitments		0.0	40.5
Bank guarantees and other guarantees given		0.7	5.7
B- Commitments related to the implementation of operating contracts		**12.2**	**16.4**
Other contractual commitments given related to “Lease payments due”		10.0	10.8
Work commitments outstanding on investment properties [(3)]		2.2	5.6
C- Commitments related to asset disposals		**11.5**	**19.4**
Preliminary sale agreements given		11.5	19.4

(1) Investment commitments after deduction of advance payments.
(2) Commitments relating to work on assets under development.
(3) Commitments relating to work on investment properties

€M	Amount of works budgets signed*	Amount of works accounted for	Amount of works commitments outstanding	Delivery date
Accor Hotels 2021-2026	4.9	2.8	2.2	2026
Total lease properties	4.9	2.8	2.2	

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

4.5.5.1.1 Swap-style forward financial instruments

A borrower at floating rates and in foreign currencies, Covivio Hotels is subject to the risks of interest rate rises and fluctuations in exchange rates over time. The exposure to this risk is limited through hedging (swaps, cross-currency swaps, caps and floors).

Asset acquisitions are generally debt-financed, mainly at floating rates. The interest rate risk management policy followed consists of systematically hedging floating-rate debt as soon as it is put in place, in order to secure the financial flows. Floating-rate debt is hedged in principle over the expected term for the which the assets will be held, a term that must exceed the debt’s maturity.

Real estate assets may not be sold before the associated debt is extinguished. In the event of disposal, the debt is repaid early. The hedging policy is flexible to limit any risk of over-hedging in the event of the disposal of assets.

Covivio Hotels’ borrowings and debt with credit institutions have been covered by swap agreements.

The table below summarises the major features of these swap contracts in euros:

Start date	End date	Ref	Bank	Rate type	Notional (in €K)	Fair value (in €K)
31/03/2015	31/03/2025	FR borrower swap	CIC-EST	0.6925%	70,000	-1,980
29/05/2015	29/05/2023	FR lender swap	CIC-EST	0.7180%	100,000	1,498
29/09/2017	31/12/2027	FR borrower swap	CIC-EST	1.1875%	70,000	-4,960
29/12/2017	30/06/2028	FR borrower swap	NATIXIS	0.9040%	100,000	-5,613
15/01/2021	15/04/2030	FR borrower swap	CIC-EST	-0.2420%	50,000	6,914
29/03/2018	31/03/2027	FR borrower swap	LCL	0.9190%	100,000	-4,989
29/06/2018	31/12/2027	FR borrower swap	SOCIÉTÉ GÉNÉRALE	0.9180%	100,000	-5,442
24/09/2018	24/09/2025	FR lender swap	CIC-EST	0,6210%	150,000	3,783
24/09/2018	24/09/2025	FR lender swap	LCL	0,6210%	100,000	2,522
24/09/2018	24/09/2025	FR lender swap	NATIXIS	0,6210%	100,000	2,522
15/01/2019	15/01/2029	FR borrower swap	CIC-EST	0.8920%	100,000	-5,770
15/01/2020	15/01/2030	FR borrower swap	NATIXIS	0.6070%	100,000	-3,798
15/04/2020	15/01/2030	FR borrower swap	CIC-EST	0.4050%	50,000	-1,076
15/01/2021	15/01/2032	FR borrower swap	CIC-EST	0.7380%	100,000	-4,841
15/01/2021	15/01/2030	FR borrower swap	CACIB	0.6950%	100,000	-4,515
15/07/2021	15/07/2031	FR borrower swap	NATIXIS	-0.1775%	150,000	5,909
27/07/2021	27/07/2029	FR lender swap	NATIXIS	-0.1870%	260,000	-6,572
TOTAL					**1,800,000**	**-26,408**

The table below summarises the major features of these swap contracts in pounds sterling:

Start date	End date	Ref	Bank	Rate type	Notional (in £K)	Fair value (in €K)
15/01/2019	17/01/2022	FR borrower swap	SG	1.4550%	100,000	-69
15/01/2019	17/01/2022	FR borrower swap	CIC	1.4680%	100,000	-70
15/01/2019	17/01/2022	FR borrower swap	NATIXIS	1.3500%	100,000	-64
15/01/2019	17/01/2022	FR borrower swap	SG	1.4170%	90,000	-61
15/01/2019	17/01/2022	FR borrower swap	NATIXIS	1.2120%	90,000	-51
17/01/2022	30/06/2026	FR borrower swap	SG	1.4550%	100,000	-1,189
17/01/2022	30/06/2026	FR borrower swap	SG	1.4170%	90,000	-894
17/01/2022	30/06/2026	FR borrower swap	NATIXIS	1.3500%	100,000	-647
17/01/2022	30/06/2026	FR borrower swap	NATIXIS	1.2120%	90,000	59
17/01/2022	30/06/2026	FR borrower swap	CIC	1.4680%	100,000	-1,256
17/01/2022	30/06/2026	FR borrower swap	SANTANDER	1.4670%	100,000	-1,309
TOTAL					**1,060,000**	**-5,551**

4.5.5.1.2 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 (in €K)	Fair value (in €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
TOTAL					**42,000**	**0**

4.5.5.1.3 Cross currency swaps

A cross-currency swap contract was taken out to cover the net investment in companies in the United Kingdom. (Borrower GBP/Lender EUR).

The table below summarises the major features of these cross-currency swap contracts:

Start date	End date	Ref	Bank	Rate type	Notional (in €K/£K)	Fair value (in €K)
31/07/2018	17/01/2022	FR lender CCS	CIC-EST	2.3000%	141,300/125,000	-8
20/09/2018	17/01/2022	FR lender CCS	NATIXIS	2.3000%	56,427/50,000	-1
15/02/2019	17/01/2022	FR lender CCS	CIC-EST	2.3000%	85,616/75,000	-13
17/01/2022	30/06/2026	FR lender CCS	CIC-EST	2.3000%	85,616/75,000	-3,581
17/01/2022	30/06/2026	FR lender CCS	NATIXIS	2.3000%	56,427/50,000	-2,283
17/01/2022	30/06/2026	FR lender CCS	CIC-EST	2.3000%	141,300/125,000	-6,039
TOTAL					**566,686/500,000**	**-11,925**

4.5.5.2 Commitments received

4.5.5.2.1 Commitments related to operating activities and financing

Commitments received (in €M)	Deadline	31/12/2021	31/12/2020
Commitments related to consolidated companies		**0.0**	**0.0**
Commitments related to financing		**345.8**	**259.8**
Financial guarantees received (authorised lines of credit not used)		345.8	259.8
Commitments related to operating activities		**177.3**	**319.3**
Other contractual commitments received related to “rental income due” activities		110.4	182.1
Assets received in pledge, mortgage or collateral, as well as guarantees received		53.2	71.7
Other contractual commitments received related to business activities		0.0	0.0
Preliminary sale agreements received = Preliminary sale agreements given		11.5	19.4
Works committed outstanding (fixed assets) = (2) + (3) of commitments given		2.2	5.6
Acquisition commitments (fixed assets)		0.0	40.5

(1) Investment commitments after deduction of advance payments.

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

(3) Commitments relating to work on investment properties.

4.5.6 Miscellaneous information

4.5.6.1 Average headcount during the fiscal year and headcount at the end of the fiscal year

	2021	2020
Managers	21	23
Supervisors	0	0
TOTAL EXCLUDING APPRENTICES	**21**	**23**
Apprentices	0	0
TOTAL	**21**	**23**

The company's headcount at 31 December 2021 was 21 people, all on permanent contracts.

4.5.6.2 Remuneration of corporate officers

4.5.6.2.1 Directors' fees

The attendance fees paid over the fiscal year by Covivio Hotels amounted to €32 thousand.

4.5.6.2.2 Remuneration of the Manager and the limited partner

The Managing Partner, Covivio Hotels Gestion, received remuneration amounting to €1,203 thousand excluding taxes for its work in 2021. The terms of this remuneration are governed by Article 11 of the Articles of Association of Covivio Hotels.

In 2021, Covivio Hotels paid €500 thousand in preferred dividends to the limited partner, Covivio Hotels Gestion in respect of fiscal year 2020.

4.5.6.3 Information on transactions between related parties

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.

4.5.6.4 Information on items with related companies

The table below includes all related-party transactions for the year ended 31 December 2021, including transactions with wholly-owned subsidiaries.

Items	Amount
Advances and pre-payments on fixed assets	0
Equity investments	2,383,202
Investment-related receivables	0
Loans	1,600,785
Trade receivables and related accounts	4,307
Other receivables	141,403
Other sundry long-term loans and borrowings	0
Other sundry short-term loans and borrowings	75,344
Advances and deposits received on orders in progress	0
Trade payables and related accounts	146
Debt on fixed assets and related accounts	0
Other liabilities	0
Income from investments	56,575
Other financial income	42,146
Financial expenses	-816

4.5.6.5 Subsidiaries and equity investments

(Article L. 233-15 of the French Commercial Code)

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	19,489	99.92	33,071	33,071
SNC Hôtel René Clair	6,761	3,377	99.99	9,833	9,833
B&B Invest Espagne	41	4,130	100.00	4,089	4,089
Investment Rocatierra FDM	11,104	106,654	100.00	111,004	111,004
Bardiomar	7,631	9,302	100.00	79,224	74,494
Trade Center Hôtel	12,020	20,195	100.00	96,585	96,585
SCI Porte Dorée	1,864	7,620	100.00	14,751	14,751
Ruhl Côte d'Azur	1	8,033	100.00	29,584	29,584
Samoens	3,461	11,394	50.10	13,766	13,766
b) Holding					
SARL Loire	2	29	100.00	86	86
Murdelux	28,977	831,816	100.00	1,122,642	1,122,642
Covivio Hotels Gestion Immobilière	1	32	99.90	1	1
OPCI B2 Hôtel Invest	255,233	3,027	50.20	128,142	128,142
FDM M Lux	12	135,763	100.00	390,045	369,524
SCI Rosace	1,000	3,422	100.00	13,323	13,323
Constance	16,228	94,522	100.00	157,335	146,565
LHM Holding Lux	12	4,482	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	29,912	20.00	12,076	12,076
Oteli	125,242	90,509	31.15	67,890	65,499
Kombon	4,594	33,447	33.33	31,999	31,999
b) Holding					
Iris Holding France	9,582	9,443	19.90	6,588	6,588
Iris Invest 2010	110,869	4,653	19.90	22,624	22,624
Camp Invest	88,299	8,772	19.90	17,572	17,572
II. Overall information					
A. Subsidiaries not included in paragraph 1					
a) French subsidiaries (total)					
b) Foreign subsidiaries (total)					
B. Investments not included in paragraph 1					
a) In French companies (total)					
b) In Foreign Companies (total)					
III. Overall information on securities					
A. Subsidiaries I + II					
a) French subsidiaries (total)	284,552	150,945		399,893	389,123
b) Foreign subsidiaries (total)	59,797	1,112,342		1,824,562	1,797,990
B. Equity investments I + II					
a) In French companies	344,624	176,736		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
101,667		8,839	6,579	0	
6,700		1,164	123	0	
6,231		754	94	70	
232,448		17,309	2,757	941	
13,585		5,881	1,510	0	
2,083		3,355	899	3,344	
7,964		2,218	525	0	
8,500		3,023	2,157	2,088	
14,262		3,783	-1,280	433	
0		0	-12	0	
832,871		534	20,375	19,316	
0		4,118	31	165	
0		0	16,223	7,498	
138,337		0	80	19,622	
37,500		3,814	876	0	
164,068		0	1,248	0	
29,297		0	985	870	
0		4,946	-1,786	0	
38,213		7,394	4,274	675	
20,008		2,476	-940	0	
6,886		95	-689	0	
744		0	971	744	
0		0	8,624	808	
340,660	0	26,958	26,470	10,184	
1,254,851	0	27,833	26,700	44,164	
65,851	0	14,912	10,454	2,227	
0	0	0	0	0	

4.5.7 Post-closing events

Nil.

4.6 Statutory Auditors' report on the annual financial statements

Year ended 31 December 2021

To the General Meeting of Covivio Hotels,

Opinion

In compliance with the engagement entrusted to us by the General Meeting, we audited the accompanying annual financial statements of Covivio Hotels for the fiscal year ended 31 December 2021.

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 of the company at the end of the fiscal year, in accordance with French accounting standards.

The opinion set out below reflects the content of our report to the Audit Committee.

Basis of Opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe the information we have collected to be sufficient and appropriate to form an opinion.

Our responsibilities by virtue of those professional standards are set out in the latter part of the present report under the heading "Responsibilities of the Statutory Auditors for the audit of the annual financial statements".

Independence

We conducted our audit engagement in accordance with the independence rules set out in the French Commercial Code and in the French Code of Ethics for Statutory Auditors, for the period from 1 January 2021 to the date of this report, and in particular we did not provide any prohibited services referred to in Article 5 (1) of Regulation (EU) no. 537/2014.

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 2021, the Company's equity investments and related receivables were included in its statement of financial position at a net book value of €3,920 million or 86% of the total assets. As stated in Note 4.5.2.4, "Financial assets" to the annual financial statements, they are measured at cost or at the applicable contribution value less any impairment allowance required to reduce them to their value in use.
In the case of investments held for the long term, value in use is assessed on the basis of the investee's net assets plus any unrecognised capital gains associated with the investee's non-current assets.
At the end of the financial year, 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 your Company.
As stated in Note 4.5.2.8, "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.
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.
	Our procedures also involved:
	● assessing the appropriateness of the valuation methods used and the assumptions underlying the determination of the value in use of the equity investments
	● examining, on a sample basis, the elements used to estimate the values in use and in particular that:
	  ● 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
	  ● 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"
	● analysing the impairment losses recognised on equity investments and related receivables by reconciling the net asset value with the net book value
	● assessing the recoverable nature of related receivables in view of the analyses of the equity investments
	● reviewing the need to recognise a provision for risk to cover the net revalued position of subsidiaries when this is negative and when all of the subsidiary's assets have been impaired
	● assessing the appropriateness of the information provided in the notes to the annual financial statements.

Valuation of real estate assets

Risk identified	How the matter was addressed
At 31 December 2021, real estate assets represented a value of €354 million, out of a total balance sheet of €4,554 million. They mainly consist of buildings owned by your company. Real estate assets are recognised at acquisition cost or production cost and are depreciated on a straight-line basis. As indicated in Note 4.5.2.3 "Impairment of tangible and intangible fixed assets" to the annual financial statements, at each closing date your company conducts an assessment to determine the existence of indicators showing that an asset may have lost significant value. In such cases, an impairment charge may be recorded in income. These impairment losses are determined by a comparison between the market value (excluding charges), calculated on the basis of independent appraisals, and the net book value of the properties. Property valuation is a complex matter requiring the exercise of significant judgement by the Company's professional real estate appraisers based on the data communicated by your Company. Given the weight of the Company's real estate 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 your Company's process of valuation of its real estate assets. Our procedures also involved: ● assessing the competence and independence of the real estate appraisers by examining the application of the rotation rules and the forms of remuneration offered by your Company ● obtaining an understanding of the company's written instructions to its professional real estate appraisers describing the nature of the services required and the scope and limitations of the applicable procedures with particular regard to the verification of the information provided by your Company ● assessing, on a test basis, the relevancy of the information provided by the Company's Finance Department to the professional real estate appraisers for the purpose of determining the fair value of the Company's real estate assets, including rent schedules, other accounting data and capital expenditure budgets ● analysing the assumptions used by the real estate appraisers, including discount rates, yield rates, rental data and market rental values, by comparing them, in the context of the Covid-19 crisis, with available market data ● interviewing certain professional real estate appraisers in the presence of the entities' Finance Departments and assessing, with the assistance of our valuation specialists, the consistency and relevancy of the valuation approach applied and of the main judgements made ● verifying, on a sample basis, that impairment allowances are recognised when appraisal values (excluding duties) are lower than the net book values and that the criteria presented in Note 4.5.2.3 of the appendix to the financial statements are met recalculating, on a sample basis, the impairment allowances and reversals recorded in your 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 management report and in the other 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 manager's management report and in the other 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. 441-6 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 professional standards on the Statutory Auditors' work relating to the annual and consolidated financial statements presented in the single European electronic reporting format, we have also verified compliance with this format defined by the European delegated regulation no. 2019/815 of 17 December 2018 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 and Financial Code, prepared under the responsibility of management.

On the basis of our work, we conclude that the presentation of the annual financial statements intended to be included in the annual financial report complies, in all material respects, with the single European electronic reporting format.

It is not our responsibility to verify that the annual financial statements that will be included by your company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

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 2021, MAZARS was in the eighteenth straight year of its engagement and ERNST & YOUNG et Autres in the ninth year.

Prior to this, the firm Groupe PIA, which later became Conseil Audit & Synthèse (acquired by ERNST & YOUNG Audit in 2010), was Statutory Auditor from 2007 to 2012.

Responsibilities of management and those charged with governance in relation to 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.

In preparing the annual financial statements, management is responsible for evaluating the company's ability to continue as a going concern, disclosing, as applicable, matters relating to the going concern and using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations.

The Audit Committee is responsible for overseeing the process for preparing financial information and monitoring the effectiveness of the risk management and internal control systems, as well as, where applicable, the internal audit system, regarding the procedures relating to the preparation and processing of accounting and financial information.

The annual financial statements were approved by the Management Board.

Responsibilities of the Statutory Auditors for the audit of the annual financial statements

Objectives and audit process

We are required to prepare a report on the Company's annual financial statements. Our purpose is to obtain reasonable assurance about whether the annual financial statements, taken as a whole, are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement where one exists. Misstatements can arise from fraud or error and are considered material if, individually or aggregated, they could reasonably be expected to influence the economic decisions of users as taken on the basis of these consolidated financial statements.

As indicated in Article L. 823-10-1 of the French Commercial Code, in auditing the financial statements we are not asked to guarantee the viability or quality of the company's management.

In the course of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises its professional judgement throughout the audit. We also:

- identify and assess the risks of material misstatement in the annual financial statements, whether due to fraud or error, design and perform audit procedures in accordance with those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the circumvention of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control
- assesses the appropriateness of the Company's accounting policies, the reasonableness of management's estimates and the adequacy of the related additional disclosures provided in the annual financial statements
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may call into question the company's ability to continue as a going concern. If the auditor concludes as to the existence of any material uncertainty, the attention of readers of the audit report is drawn to the information provided in that respect in the annual financial statements or, if such information is not provided or is not relevant, the auditor formulates a qualified audit opinion or a disclaimer of opinion
- assess the overall presentation of the annual financial statements and judge whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee that in particular covers the scope of the audit work and the schedule of work undertaken, along with our findings. We also inform it, as applicable, of any material weaknesses we identified in the internal control system regarding the procedures relating to the preparation and processing of accounting and financial information.

The elements communicated in the report to the Audit Committee equally include the risks of material misstatement which, in our professional view, have presented the greatest significance for the audit of the annual financial statements for the fiscal year and which as such constitute key audit matters we are required to describe in this report.

We also provide the Audit Committee with the confirmation in writing provided for in Article 6 of Regulation (EU) 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.

Paris-La Défense, 10 March 2022

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Claire Gueydan-O'Quin	Anne Herbein

4.7 Statutory Auditors' special report on regulated agreements

General Meeting to approve the financial statements for the financial year ending 31 December 2021

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 fiscal 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.

2. With 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

Shareholders' agreement relating to Kombon SAS

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.

In respect of the fiscal year ended 31 December 2021, this agreement did not have an impact on the financial statements.

b) Nature, purpose and terms

Shareholders' agreement relating to Oteli France

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 SGP, Covivio Hotels Gestion Immobilière and Oteli France
- the management and governance arrangements for Oteli France and its subsidiaries
- the terms and conditions for the transfer of shares.

In respect of the fiscal year ended 31 December 2021, this agreement did not have an impact on the financial statements.

c) Nature, purpose and terms

Shareholders' agreement relating to Jouron SPRL

This agreement was signed on 1 July 2019 between 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
- the management and governance arrangements for Jouron SPRL and its subsidiaries
- the terms and conditions for the transfer of shares.

In respect of the fiscal year ended 31 December 2021, this agreement did not have an impact on the financial statements.

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 the 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 includes:

- 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, 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 2021, 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, 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 €1,677 thousand in respect of the fiscal year ended 31 December 2021.

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 includes:

- 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 2021, 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 entered into on 29 November 2011 between your company, SCI Holding Dahlia and Predica.

The partners' agreement governs the relations between the associates of SCI Holding Dahlia. In respect of the fiscal year ended 31 December 2021, 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 includes:

- a prohibition on the transfer of OPCI's or Iris Holding France'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 2021, 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 2021, the amount covered by your Company was €6,017 thousand.

Paris-La Défense, 10 March 2022

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Claire Gueydan O'Quin	Anne Herbein

4.8 Resolutions proposed to the Combined General Meeting of 7 April 2022

4.8.1 Agenda

Ordinary resolutions

- Approval of the parent company's financial statements for the year ended 31 December 2021
- Approval of the consolidated financial statements for the year ended 31 December 2021
- 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 Manager
- Approval of the remuneration policy applicable to members of the Supervisory Board
- Approval of the information referred to in Article L. 22-10-9 I. of the French Commercial Code relating to all remuneration of corporate officers
- Approval of fixed, variable and exceptional components of the overall remuneration and benefits in kind paid during the fiscal year ended 31 December 2021 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 2021 or allocated for the same fiscal year to the company Covivio HOTELS GESTION as Manager
- Renewal of the term of office of Covivio as a member of the Supervisory Board
- Renewal of the term of office of Predica as a member of the Supervisory Board
- Renewal of the term of office of Cardif Assurance Vie as a member of the Supervisory Board
- Renewal of the term of office of Generali Vie as a member of the Supervisory Board
- Renewal of MAZARS' term of office as Statutory Auditor
- Authorisation to be granted to the Manager for the purposes of the company's purchase of its own shares.

Extraordinary resolutions

- Modification of Article 8 (Form and disposal of shares) of the company's Articles of Association
- Delegation of authority to the Manager to increase the company's share capital through the capitalisation of reserves, profits or premiums
- Authorisation to be granted to the Manager to reduce the company's share capital through the cancellation of shares
- Delegation of authority to the Manager to issue shares and/or securities giving access to the company's equity, maintaining the shareholders' preferential subscription right
- Delegation of authority to the Manager to issue, through public offering, shares and/or securities giving access to the company's equity, with waiver of the shareholders' preferential subscription right and a mandatory priority period for share issues
- Delegation of authority to the Manager in the event of a capital increase with or without a preferential subscription right, to increase the number of shares to be issued
- Delegation of authority to the Manager to issue shares and/or securities convertible into equity, in order to compensate the contributions in kind granted to the Company, consisting of capital securities or securities convertible into equity
- Delegation of authority to the Manager to issue shares and/or securities giving access to the company's equity, with waiver of shareholders' preferential subscription right, in the event of a public exchange offer initiated by the company
- Delegation of authority to the Manager to carry out capital increases reserved for company employees who are members of a savings plan, with waiver of shareholders' preferential subscription right
- Powers for formal recording requirements.

4.8.2 Text of the draft resolutions

Ordinary resolutions

RESOLUTION 1

Approval of the parent company's financial statements for the year ended 31 December 2021

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the parent company's financial statements for the financial year ending 31 December 2021 and the report of the 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 Manager, the Supervisory Board and the parent company's financial statements for the financial year ending 31 December 2021, which include the balance sheet, income statement and notes, as presented, and showing a profit of €29,962,540.36.

The General Meeting consequently approves the transactions posted to these financial statements or summarised in these reports.

The General Meeting notes that there were no expenditure and expenses covered by Article 39-4 of the French General Tax Code, and observes that there is no corporate income tax payable in this respect.

RESOLUTION 2

Approval of the consolidated financial statements for the year ended 31 December 2021

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report of the Manager, the report of the Supervisory Board and the report by the Statutory Auditors on the consolidated financial statements, approves the consolidated financial statements for the financial year ending 31 December 2021, 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 2021, which amounts to €50,288 thousand.

RESOLUTION 3

Allocation of income – Dividends distribution

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having noted that profit for the fiscal year amounting to €29,962,540.36, increased by the retained earnings of €166,597,467.25, brings the distributable profit to an amount of €196,560,007.61, decides, on a proposal by the 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 €96,291,943.80 in dividend to shareholders
- €99,768,063.81 to the retained earnings account.

Each share will thus receive a dividend of €0.65.

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

The dividend will be paid on 14 April 2022.

Based on the total number of shares that made up the share capital at 31 December 2021, *i.e.* 148,141,452 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 €96,291,943.80 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, 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 €45,716,635. The dividend drawn against profits subject to corporate income tax amounts to €50,575,308.80.

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
2020	132,547,616	€0.26	€0	€0.26
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

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 quorum and majority conditions 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 2021.

RESOLUTION 5

Approval of the remuneration policy applicable to the Manager

The General Meeting, ruling under the quorum and majority conditions 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 Manager presented therein and described in Section 5.2.4.1.1 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 quorum and majority conditions 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 5.2.4.1.2 of the company's Universal Registration Document.

RESOLUTION 7

Approval of the information referred to in Article L. 22-10-9 I. of the French Commercial Code relating to all remuneration of corporate officers

The General Meeting, voting under the quorum and majority conditions 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 5.2.4.2 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 2021 or allocated for the same fiscal year to Mr Christophe Kullmann as Chairman of the Supervisory Board

The General Meeting, ruling under the quorum and majority conditions 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 remuneration or benefits in kind paid during the fiscal year ended 31 December 2021 or allocated for the same fiscal year, as specified in said report and described in Section 5.2.4.3.1 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 2021 or allocated for the same fiscal year to the company Covivio Hotels Gestion as Manager

The General Meeting, ruling under the quorum and majority conditions 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 remuneration making up overall remuneration and benefits in kind paid during the fiscal year ended 31 December 2021 or allocated for the same fiscal year to Covivio Hotels Gestion in its role as Manager, as described in said report and described in Section 5.2.4.3.2 of the company's Universal Registration Document.

RESOLUTION 10

Renewal of the term of office of Covivio as a member of the Supervisory Board

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report of the Manager, and having noted that the term of office of the company Covivio as a member of the Supervisory Board is due to expire at this General Meeting, resolves to renew, as of this day, the term of office of the company Covivio 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 2025 to approve the financial statements for the financial year ending 31 December 2024.

RESOLUTION 11

Renewal of the term of office of Predica as a member of the Supervisory Board

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report of the Manager, and having noted that the term of office of the company Predica 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 Predica 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 2025 to approve the financial statements for the financial year ending 31 December 2024.

RESOLUTION 12

Renewal of the term of office of Cardif Assurance Vie as a member of the Supervisory Board

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report of the Manager, and having noted that the term of office of the company Cardif Assurance 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 Cardif Assurance 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 2025 to approve the financial statements for the financial year ending 31 December 2024.

RESOLUTION 13

Renewal of the term of office of Generali Vie as a member of the Supervisory Board

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report of the Manager, and having noted that the term of office of the company Generali 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 Generali 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 2025 to approve the financial statements for the financial year ending 31 December 2024.

RESOLUTION 14

Renewal of MAZARS' term of office as Statutory Auditor

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report of the Manager, and having noted that the term of office of Mazars as Statutory Auditor expires at the end of this General Meeting, resolves to renew, as of this date, the term of office of Mazars as Statutory Auditor, for a period of six (6) fiscal years expiring at the end of the General Meeting of Shareholders called to approve, in 2028, the financial statements for the year ended 31 December 2027.

RESOLUTION 15

Authorisation to be granted to the Manager for the purposes of the company's purchase of its own shares

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report of the 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 French Financial Markets Authority:

- this delegation would terminate, with immediate effect, for the unused portion, the delegation granted by the Combined General Meeting of 8 April 2021
- authorises the 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 costs). 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 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).

In compliance with the applicable legal and regulatory provisions, these purchase, sale, exchange or transfer transactions may be carried out by any means, including by trading on a regulated market, on a multilateral trading facility, with systematic or over-the-counter internalisers, in particular by acquisition or sale of blocks (on the market or off-market), by way of takeover or exchange offer or through the use of financial instruments, in particular derivative financial instruments traded on a regulated market or over-the-counter, such as call or put options or any combination thereof, or through the use of warrants, either directly or indirectly through an investment services provider, under the conditions authorised by the competent market authorities and at the times that the Manager of the Company deems appropriate. 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 Manager or the individual acting on behalf of the 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 French Financial Markets Authority
- also with a view to any other practice that could be recognised by the law or the French Financial Markets Authority 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 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 French Financial Markets Authority or any other public authority and, in general, to take all necessary measures.

The General Meeting notes that the 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 16

Modification of Article 8 (Form and disposal of shares) of the company's Articles of Association

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, having reviewed the report of the Manager, decided to amend:

- Article 8 of the Company's Articles of Association in order to update it with the new provisions of Article L. 228-2 of the French Commercial Code as amended by Law No. 2021-1308 of 8 October 2021 on various provisions adapting to European Union law in the field of transport, the environment, the economy and finance, known as the DDADUE II law.

Consequently, Article 8 of the Articles of Association now reads as follows:

"**Article 8 – Form and disposal of shares**

[...]

*The company or a third party appointed by the company may use the provisions outlined in Articles L. 228-2 et seq. of the French Commercial Code at any time to identify (i) holders of securities conferring immediately or in the future voting rights in its own General Meetings of Shareholders (a **"General Meeting"**) and (ii) holders of bonds or negotiable debt certificates issued by the company.*

[...]"

The remainder of Article 8 remains unchanged.

RESOLUTION 17

Delegation of authority to the Manager to increase the company's share capital through the capitalisation of reserves, profits or premiums

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report of the Manager:

- this delegation would terminate, with immediate effect, for the unused portion, the delegation granted by the Combined General Meeting of 8 April 2021
- hereby fully authorises the 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-nine million (€59,000,000), 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 19 to 24

- 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 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 18

Authorisation to be granted to the Manager to reduce the Company's share capital through the cancellation of shares

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, having reviewed the report of the 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 8 April 2021

authorises the 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 15 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 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 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 19

Delegation of authority to the Manager to issue shares and/or securities giving access to the Company's equity, maintaining the shareholders' preferential subscription right

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, having reviewed the report of the 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 8 April 2021
- delegates to the 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 subscription right; 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 ninety-six million euros (€296,000,000), 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 17 and 20 to 24
- 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 20 to 23 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 whose issue is decided or authorised by the 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 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 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 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 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 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 20

Delegation of authority to the Manager to issue, through public offering, shares and/or securities giving access to the Company's equity, with waiver of the shareholders' preferential subscription right and a mandatory priority period for share issues

The General Meeting, ruling under the quorum and majority conditions required for extraordinary General Meetings, having reviewed the report of the 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 8 April 2021
- delegates to the Manager, with the option of subdelegation, the authority to decide, on one or more occasions, in the proportions and at the times it deems appropriate for a period of twenty-six (26) months from the date of this General Meeting, on the issuance, by public offering (including the offers referred to in 1 of Article L. 411-2 of the French Monetary and Financial Code), in France or abroad, in euros or foreign currency, with waiver of shareholders' preferential subscription rights, Company shares and/or any securities giving access by any means, immediately or in the future, to the Company's share capital. 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 nominal amount of all debt securities giving immediate or deferred access to the Company's share capital, liable to be issued under this delegation, may not exceed a total of one billion euros (€1,000,000,000), the overall cap for all issues of debt securities in this delegation and in Resolutions 19 and 21 to 23, or the counter-value of this amount, on the date of the issue decision, in the case 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 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 and/or in the future under this delegation may not exceed fifty-nine million euros (€59,000,000). Added to this cap, as necessary, will be the additional par value of the shares or other equity instruments to be issued, in accordance with the applicable legal and regulatory provisions and any applicable contractual stipulations providing for other cases of adjustment, to preserve the rights of holders of securities representing receivables providing access to the share capital. It is specified that this amount is set independently and separately from the caps on capital increases resulting from the issues of shares and/or securities authorised by Resolutions 17, 19 and 21 to 24.

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 Manager in accordance with Articles L. 22-10-51 and R. 225-131 of the French Commercial Code and
- to delegate to the 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) no. 2017/1129 of 14 June 2017, less, where applicable, a maximum discount of 10%) and
- the issue price of securities providing access to the Company's 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 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 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 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 21

Delegation of authority to the Manager in the event of a capital increase with or without a preferential subscription right, to increase the number of shares to be issued

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, having reviewed the report of the Manager and the special report of the Statutory Auditors, and in accordance with the provisions of Articles L. 225-135-1 and R. 225-118 of the French Commercial Code:

- terminates, with immediate effect, for the unused portion, the delegation granted by the Combined General Meeting of 8 April 2021
- authorises the Manager, who may further delegate such authority under the conditions defined by law, to decide, for each of the issues decided under Resolutions 19 and 20, 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 22

Delegation of authority to the Manager to issue shares and/or securities convertible into equity, in order to compensate the contributions in kind granted to the Company, consisting of capital securities or securities convertible into equity

The General Meeting, ruling under the quorum and majority conditions required for extraordinary General Meetings, having reviewed the report of the 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 8 April 2021
- delegates to the 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 Statutory 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 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 17, 19 to 21, 23 and 24
- resolves that the nominal amount of all debt securities giving immediate or deferred access to the Company's share capital, liable to be issued under this delegation, may not exceed a total of one billion euros (€1,000,000,000), the overall cap for all issues of debt securities in this delegation and in Resolutions 19 and 21 to 23, or the counter-value of this amount, on the date of the issue decision, in the case 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 Manager in accordance with Article L. 228-40 of the French Commercial Code
- acknowledges the absence of preferential subscription right of shareholders to these 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 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 23

Delegation of authority to the Manager to issue shares and/or securities giving access to the Company's equity, with waiver of shareholders' preferential subscription right, in the event of a public exchange offer initiated by the Company

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, having reviewed the report of the 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 8 April 2021
- delegates to the 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-nine million (€59,000,000); 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 17, 19 to 22 and 24 and
- resolves that the nominal amount of all debt securities giving immediate or deferred access to the Company's share capital, liable to be issued under this delegation, may not exceed a total of one billion euros (€1,000,000,000), the overall cap for all issues of debt securities in this delegation and in Resolutions 19 to 22, or the counter-value of this amount, on the date of the issue decision, in the case 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 Manager in accordance with Article L. 228-40 of the French Commercial Code.

The General Meeting grants complete authority to the 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 24

Delegation of authority to the Manager to carry out capital increases reserved for Company employees who are members of a savings plan, with waiver of shareholders' preferential subscription right

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, having reviewed the report of the 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 8 April 2021
- delegates to the 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 17 and 19 to 23
- 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 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 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 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 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 25

Powers for formal recording requirements

The General Meeting, ruling under the quorum and majority conditions 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.

4.9 Statutory Auditors' report on capital reduction

Combined General Meeting of 7 April 2022

RESOLUTION 18

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, including the power of delegation, 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.

Paris-La Défense, 10 March 2022

The Statutory Auditors

MAZARS	**ERNST & YOUNG et Autres**
Claire Gueydan-O'Quin	Anne Herbein

4.10 Statutory Auditors' report on the issue of shares and other securities with or without waiver of shareholders' preferential subscription right

Combined General Meeting of 7 April 2022

RESOLUTIONS 19, 20, 21, 22 AND 23

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, your 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 subscription right:

- issue with preferential subscription rights (Resolution 19) 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 20) 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
  - issue, in the event of a public exchange offer initiated by your company (Resolution 23), 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 22), 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:

- €296,000,000 in respect of Resolution 19
- €59,000,000 in respect of each of the Resolutions 20 and 23.

The nominal amount of the securities representing debt securities giving immediate or and/or deferred access to the Company's share capital, that may be issued pursuant to Resolutions 19, 20, 21, 22 and 23 May not exceed the total amount of one billion euros (€1,000,000,000), the overall cap for all debt securities issues.

These caps take into account the number of additional securities to be created through the implementation of the delegation of authority referred to in Resolutions 18 and 20 under the conditions provided for in Article L. 225-135-1 of the French Commercial Code, if you adopt Resolution 21.

Management is responsible for preparing 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 20.

As the bases of determination of the issue prices for the equity securities to be issued in the framework of Resolutions 19, 22 and 23 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 20 for the waiver of shareholders' preferential subscription right.

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 subscription right.

Paris-La Défense, 10 March 2022

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Claire Gueydan-O'Quin	Anne Herbein

4.11 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 7 April 2022

Resolution 24

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 subscription right, 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 subscription right. The General Manager would also be empowered to decide on the final terms and conditions applicable to any such issue of securities.

The General Manager is responsible for preparing 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 this operation 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 subscription right.

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.

Paris-La Défense, 10 March 2022

The Statutory Auditors

MAZARS	**ERNST & YOUNG et Autres**
Claire Gueydan-O'Quin	Anne Herbein

Kimpton London
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Hotel lease terms of **13.3 years.**

5

Control of the Company

5.1 Report by the Supervisory Board to the Combined General Meeting of 7 April 2022

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 2021.

5.1.1 Main highlights of the year

Encouraging performances

For the hotel industry, 2021 was divided into two distinct periods: a first half still heavily impacted by the health crisis and various government restrictions and an especially encouraging second half of the year that sometimes even exceeded 2019's performance.

Overall, the market's performance in 2021 was much better than in 2020, with an over 42% increase in RevPAR [1], although it was still 54% lower than in 2019.

In Europe, the hotel recovery was sustained in H2, RevPAR rebounding from -66% (*vs* 2019) in June to -36% in December. The summer performance confirmed the strong rebound in countries with a large domestic clientele, notably France and Germany, which account for 57% of Covivio Hotel's revenues, and testified to the good fundamentals of the hotel industry, particularly the leisure segment.

Compared to its European neighbours, France, and Paris in particular, recorded a strong recovery throughout the second half of the year, with RevPAR up 110% between July and November 2021, demonstrating that, in addition to leisure, business customers have also recovered rapidly. Growth in Germany was interrupted in November as new restrictions were put in place.

The United Kingdom: a strategic market

The United Kingdom has seen the strongest recovery in Europe, with RevPAR close to 2019 levels since September 2021. The British market is one of the largest in Europe, with a domestic portion comparable to France's and Germany's and an international portion comparable Spain's.

In light of this, Covivio Hotels and InterContinental Hotels Group reviewed, at the beginning of 2022, their agreements for the portfolio of 12 hotels situated in prime locations in the city centre of main UK metropoles (London, Edinburgh, Glasgow, etc.). Both parties signed a term-sheet agreeing on proposed amendments to the leases. This agreement notably includes a readjustment of the minimum guaranteed rent and the instalment of a variable rent on turnover, as well as performance tests. Binding agreement should occur by the end of March, which allows to reach a portfolio yield of 6%, after a complete recovery of the hotel activity.

5.1.2 Overview of activity and results for the fiscal year

Increase in portfolio values in the second half of the year

At the end of December 2021, Covivio Hotels held a unique portfolio in Europe worth €5,942 million (€6,645 million at 100%). This strategic portfolio is characterised by:

- high-quality locations: average Booking.com location grade of 8.8/10
- diversified portfolio: in terms of countries (12 countries, none representing more than 33% of the total portfolio), and segment (69% economic/midscale and 31% upscale)
- Major hotel operators with long-term leases: 16 operators with average residual lease terms of 13.3 years.

After a -1% decline in the first half of the year on a like-for-like basis, the value of the portfolio rose by +0.7% in the second half, with an increase in fixed rent assets (+1.3%) and AccorInvest variable rent assets (+0.6%).

Covivio Hotels continued to dispose of non-strategic assets worth a total of €70 million (group share), in line with the 2020 appraisal values. Covivio Hotels also signed new commitments for hotel assets during the year, for an amount of €71 million (group share), with an average margin of around 20% on values at the end of 2020, of which €63 million involved a preliminary sale agreement for a Club Med located in Samoëns.

The environmental certification rate of the Covivio Hotels' portfolio was 80.4% at the end of 2021, compared to 72.5% at the end of 2020. The increase is due to assets certification in Italy, Ireland and Hungary.

(1) RevPAR: Revenue per available room – Source MKG.

Strengthening the balance sheet and reducing debt

In June 2021, Covivio Hotels successfully completed its €250 million capital increase in cash with preferential subscription rights. The funds raised have been used to reimburse debts maturing in 2022/2023 and improved the Loan-to-Value (LTV) ratio by nearly 500 bps, from 41.9% at the end of 2020 to 37.1% at the end of 2021. Covivio Hotels net debt stands at €2,417 million compared to €2,690 million at the end of 2020. The ICR ratio improved to 3.08, compared with 2.20 at the end of 2020.

Covivio Hotels also issued €599 million in 8-year, 1% coupon bonds in July and October 2021.

The average maturity of Covivio Hotels' debt is 4.9 years – no major debt term is due in the next 12 months – up 0.5 years, compared to end 2020.

Covivio Hotels had cash and undrawn credit lines of €483 million as of 31 December 2021.

Thanks to the support of its shareholders, Covivio Hotels will be able, after this major crisis, to pursue its development with a solid balance sheet.

Revenues in 2021 benefited from the recovery in the second half of the year

The upturn in business in the second half of the year meant that hotel revenues increased by 27.5% on a like-for-like basis by the end of 2021, following a 1.5% decline in revenues in the first half.

Hotel Revenues 2021: €182.7 million Group Share

Hotel lease properties (80% of the hotel portfolio)

- Variable rents: the portfolio is leased mainly to AccorInvest (22% of total portfolio) in France and Belgium and consists of budget (Ibis) and mid-range (Novotel, Mercure) hotels. In 2021, thanks to the recovery of the hotel business, rents for this portfolio, which are entirely indexed to revenues, amounted to €26.7 million, up 69% compared to 2020.
- Hotels in the United Kingdom leased to IHG (13% of hotel portfolio): no rent was recognised in 2020. In 2021, thanks to the recovery in the second half of the year, with occupancy rates of over 60% from September to November, revenues from this portfolio amounted to €12 million.
- Other hotel lease properties (45% of the hotel portfolio): fixed-rent hotel real estate let to B&B, NH Hotels, Motel One, Barcelo, Hotusa, etc. on long leases. The €14.7 million increase is mainly due to rental income from assets acquired in 2020 (portfolio of eight hotels let to NH Hotels). On a like-for-like scope, rents were down 1.1% due to the impact of the rent relief granted in 2020 and 2021.

Hotel operating properties (20% of the hotel portfolio)

- Most of these hotels are located in Germany (mainly Berlin), Nice and northern France. The recovery in this portfolio was strong in the second half of the year, especially during the summer months. Hotels in Germany experienced a slowdown at the end of the year due to restrictions.

  Given the quality and strength of the Covivio Hotels rental base, the 2021 rent collection rate remained high at 96%. (1)

Growing net financial income in 2021

The EPRA NDV (Net Disposal Value) was €3,167 million (compared with €2,819 million at the end of December 2020), a 12.3% increase and stands at €21.4/share.

The EPRA NTA (Net Tangible Asset) reached €3,498 million, up 9.5% year-on-year. Per share, the fall was 2.0% year-on-year, to €23.6/share, due to the capital increase completed in June at a price of €16 per new share. The EPRA NTA per share, adjusted for the impact of the capital increase, was up 1.6%.

The EPRA NRV (Net Reinstatement Value) stood at €3,868 million, and €26.1/share.

EPRA Earnings were €99.0 million (compared with €39 million at 31 December 2020), a 155% as a result of variable revenues. EPRA earnings per share was €0.70 in 2021, compared to €0.30 in 2020.

Dividend

At the General Meeting of 7 April, Covivio Hotels will propose a dividend of €0.65 per share (€0.26 per share in 2020).

5.1.3 Outlook for 2022

The recovery in activity observed starting in the summer of 2021 demonstrated the capacity for a rapid rebound in hotel performance when restrictions were lifted in Europe. Accordingly, the current environment should allow for a rapid recovery in hotel activity. Covivio Hotels will then be able to count 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 2021 results and invites you to approve the financial statements for the 2021 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.

(1) *85% including incentive and deferred payments granted (73% in 2020)*

5.2 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, conditions for the preparation and organisation of its work, information relating to the remuneration policy and the overall and individual remuneration of corporate officers for the fiscal year 2021, 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 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 18 February 2022. 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 4.6).

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 HCGE website: https://hcge.fr/le-code-afep-medef.

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 percentage of independent members of the Supervisory Board at 31 December 2021 is now 23%, following the expiry of the appointment of Jean Luchet. The current shareholder structure, with a main shareholder holding 43.83% 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 and a free float below 3%, 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 independence rate of the Audit Committee is 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 2021, as members of the Supervisory Board expressed no wish to hold such a meeting during the fiscal year. However, the conditions for a free discussion without the presence of the executive officers were 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:

- 12 February 2021: Internal Regulations updated following recodification of some Articles of the French Commercial Code by Order 2020-1142 of 16 September 2020
- 18 November 2021: update of the guide on the prevention of insider trading appended to the Internal Regulations following the update to the position recommendation of the AMF titled "Guidelines on permanent information and management of insider information" as amended on 29 April 2021.

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.

Governance in a limited parnership by shares (Société en commandite par actions / SCA) is organised around the principle of a separation of powers. Executive powers are exercised by the management and oversight powers by the 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 parnership by shares, 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 parnership by shares.

In a partnership limited by shares, the financial statements are closed by the management and not by the Supervisory Board.

5.2.1 Management bodies

5.2.1.1 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, in the decisions of the Supervisory Board, on 9 February 2010, 9 February 2016 and 18 February 2022, for successive periods of six years, the last one expiring at the end of the Supervisory Board meeting on the Management's report on the Company's activities for the financial year ended 31 December 2027.

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) 2021/980 dated 14 March 2019, we communicate below the list of all offices and functions exercised in all companies by each of the company Managers during the 2021 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 2021: 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, 9 February 2016 and 18 February 2022

Date of expiry of term: Supervisory Board meeting on the management report on the activities of the company in the fiscal year ending 31 December 2027

Offices held within the Covivio Group:

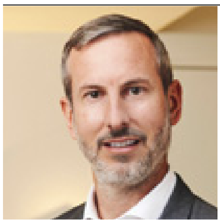
Managing Partner: Covivio Hotels (SCA), public company

Offices held outside the Group:

None

Terms of office expired within the last five fiscal years:

None



Tugdual Millet

Main function:

Chief Executive Officer of Covivio Hotels

Born 18 May 1977 in Nancy (54)

French national

Business address:

30, avenue Kléber 75116 Paris

Number of shares held at 31 December 2021: 0

Biography

A graduate of ESCP Europe, Tugdual Millet began his career as Portfolio Manager at a vehicle owned by Morgan Stanley and Covivio in 2002. From 2004 to 2008, he worked at Covivio as Financial Analyst then Head of Corporate Development and Finance. After two years as Head of Finance - France Offices, he became Chief Financial Officer of Covivio in 2010, before taking over as Chief Executive Officer of Covivio Hotels in 2021.

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, 9 February 2016 and 18 February 2022

Date of expiry of term: Supervisory Board meeting tasked with hearing the management report on the activities of the company in the fiscal year ending 31 December 2027

Offices held within the Covivio Group:

Chairman of Covivio Hotels Gestion, Managing Partner: Covivio Hotels (SCA), listed company

Chairman of the Board of Directors: B2 Hôtel Invest (SPPICAV)

Chairman: Covivio Hotels Gestion (SAS), Foncière B2 Hôtel Invest SAS, Foncière B3 Hôtel Invest SAS, Foncière B4 Hôtel Invest SAS

Director: République (SA) (until 25/01/2022)

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

Chairman of Covivio Hotels Gestion, Managing Partner of Covivio Hotels, Chairman: SAS Samoëns, Sté Immobilière Verdun (SAS)

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: Loire (SARL), Covivio Hotels Gestion Immobilière (SNC), Ingrid France (SARL)

Director of Belgian public companies: Ulysse Belgique, Iris Trefonds, Sunparks Trefonds, Ulysse Trefonds, Foncière Vielsalm, Foncière Kempense Meren, 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 SL, B&B Invest Espagne SL

Member of the Committees: SAS Samoëns Partnership Committee

Director: Covivio Foundation (the corporate foundation)

Terms of office expired within the last five fiscal years:

Director: Office CB 21 SPPICAV, (until 27 July 2021)

General Manager: Foncière Manon (SARL) (until 30/09/2021), Batisica S.à.r.l (Luxembourg SARL) (until 12/12/2021), Covivio Lux S.à.r.l (Luxembourg SARL) (until 09/07/2021)

Tugdual Millet

Main function:

Chief Executive Officer of Covivio Hotels

Born 18 May 1977 in Nancy (54)

French national

Business address:

30, avenue Kléber 75116 Paris

Number of shares held at 31 December 2021: 0

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 Immobilière, Chairman: CBI ORIENT SAS, CBI EXPRESS SAS, KOMBON SAS

General Manager of Covivio Hotels Gestion Immobilière, 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:

None

5.2.1.2 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.

As such his responsibilities include:

- defining and implementing Group strategy
- directing Group activities
- preparing and implementing internal control and risk management procedures
- preparing the corporate and consolidated financial statements
- defining the financial reporting policy
- calling General Meetings and setting their agenda
- writing the management report for the General Meeting.

He 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 his duties and responsibilities with respect to the exercise of such powers.

He also chairs the various General Meetings of the company and implements the authorisations and delegations of authority conferred upon it by the General Meeting.

The General Manager is a limited partner and therefore jointly and severally responsible for the company's liabilities. This situation, arising from the corporate form of the company as a partnership limited by shares, offers shareholders a guarantee of diligence in the company's administration and management.

The management is overseen by a Supervisory Board representing the limited partners.

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.

5.2.1.3 General Manager's shareholding

The General Manager, Covivio Hotels Gestion, is not a shareholder of the company.

5.2.1.4 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 its asset rotation policy, monitoring of subsidiaries and holdings, and financial policy. It also addresses issues of organisation, tools, etc. 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.

Executive Committee: 11 members

Christophe Kullmann
Chief Executive Officer (CEO)

Olivier Estève
Deputy CEO

Tugdual Millet
Chief Executive Officer Hotels

Yves Marque
Chief Operating Officer

Paul Arkwright
Chief Financial Officer

Marjolaine Alquier de l'Epine
Risq, Compliance, Internal Audit and Control Director

Marielle Seegmuller
Head of Operations France

Laurie Goudallier
Chief Transformation & IT Officer

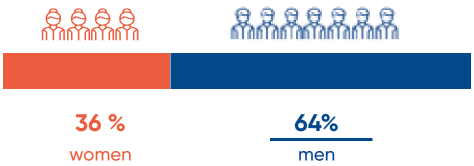
Daniel Frey
Managing Director Germany

Alexei Dal Pastro
Managing Director Italy

Barbara Pivetta
Group Risk Manager

Average age: 48

- Aged under 40: 18%
- Aged 40 to 45: 10%
- Aged 45 to 50: 36%
- Aged over 50: 36%



The Executive Committee is supported by Management Committees set up in France, Germany and Italy, in charge of (i) monitoring operations, (ii) implementing the budget (finance, asset management, and portfolio) and (iii) corporate 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.

5.2.1.5 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: 57% at the end of 2021, compared to 56% at the end of 2020. In managerial functions, the company has gone beyond gender equality in favour of women: 53.4% of managers were women on 31 December 2021, against 50.7% at the end of 2020.

In 2021, the share of women on Covivio's Executive Committee was unchanged at 36% (27% in 2019). The share of women in the France Management Committee increased to 50%, compared to 40% in 2020. In Italy, it rose to 44% and in Germany stood at 17% at end-2021. The share of women in the 10% of positions with the highest responsibility is 45%, against 44.7% in 2020.

In November 2021, for the third consecutive year, the Appointments and Remuneration Committee proposed to Covivio's Board of Directors, which accepted it, that one of the performance targets for free shares granted to executive 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, upon 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.

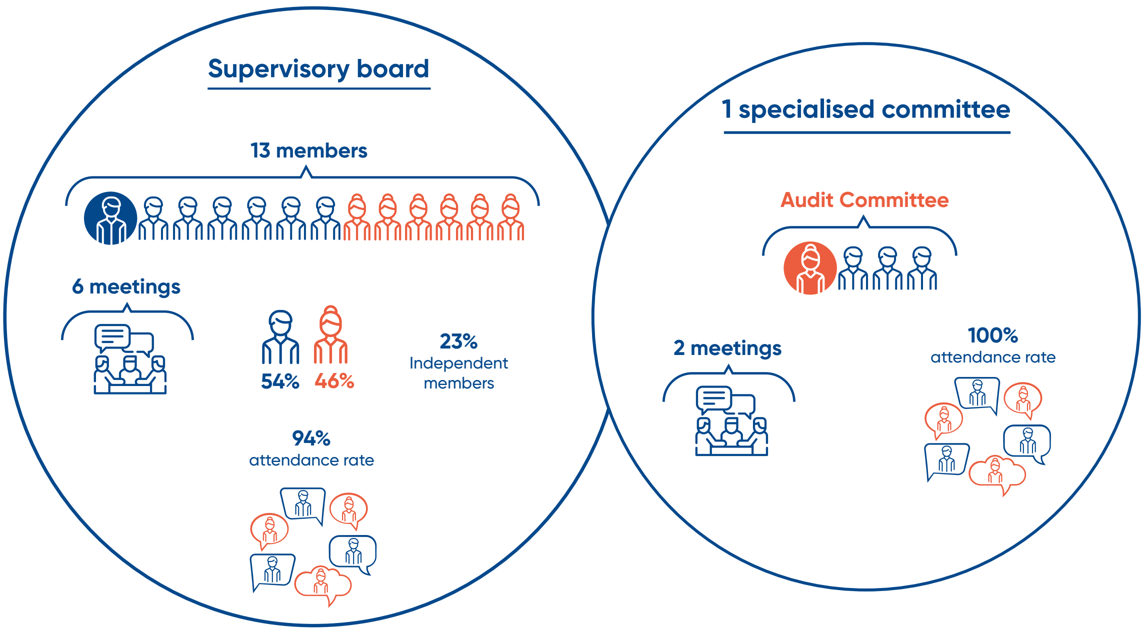
Finally, to promote balanced representation of men and women in General Management and in application of the provisions of Article L. 225-53 of the French Commercial Code, the Internal Regulations of Covivio's Board, there is always one person of each sex among the candidates throughout the selection process for Deputy CEOs.

5.2.2 Supervisory Board

5.2.2.1 Composition of the Supervisory Board in 2021

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 2021, the Supervisory Board had 13 members.



Member's first name and surname or company name	Nationality	Age	Date of first appointment: Legal entity	Date of first appointment: Permanent representative / natural person	Date of last renewal	Date of expiry of term of office
Christophe Kullmann		56	/	30/11/2004	08/04/2021	2024
Olivier Estève		57	/	06/04/2011	08/04/2021	2024
Najat Aasqui		40	/	07/05/2020	/	2023
Covivio Participations represented by Joséphine Lelong-Chaussier		39	18/11/2015	26/10/2018	07/05/2020	2023
Covivio represented by Laurie Goudallier		34	30/11/2004	18/10/2019	05/04/2019	2022
Foncière Margaux represented by Marielle Seegmuller		49	13/07/2018	07/04/2017*	07/05/2020	2023
Predica, represented by Emmanuel Chabas		45	30/11/2004	17/02/2016	05/04/2019	2022
ACM Vie, represented by François Morrisson		56	30/11/2004	22/03/2011	08/04/2021	2024
Generali Vie, represented by Sébastien Pezet		46	30/11/2004	01/11/2008	05/04/2019	2022
Cardif Assurance Vie represented by Nathalie Robin		59	19/02/2008	19/02/2008	05/04/2019	2022
Sogecap represented by Yann Briand		47	06/04/2018	06/04/2018	08/04/2021	2024
Caisse des Dépôts et Consignations, represented by Arnaud Taverne		48	06/04/2018	06/04/2018	08/04/2021	2024
Adriana Saitta		51	/	15/07/2020	08/04/2021	2023
Percentage of independent: 23%	**Average age: 48**					**Average seniority**
Percentage of women: 46%						

* Marielle Seegmuller was the permanent representative of GFR Kléber which resigned on 30/05/2018

Seniority on the Board								
Legal entity	Permanent representative/ legal Person	Indepen-dence	Main position	Board committees	Attendance at meetings of the Supervisory Board	Attendance at meetings of the Audit Committee	Number of directorships in listed companies outside the Covivio Group	Number of shares held at 31/12/2021
/	17.2 years	NO	Chief Executive Officer of Covivio	/	100%	/	0	2,779
/	10.8 years	NO	Deputy General Manager Officer of Covivio	Member of the Audit Committee	83%	100%	0	842
/	1.8 years	NO	Head of equities and real estate portfolios at Crédit Agricole Assurances	/	100%	/	2	6
6.2	3.3 years	NO	Head of Corporate Legal M&A of the Covivio Group	/	100%	/	0	1
17.2 years	2.3 years	NO	Chief Digital & IT Officer of Covivio	/	50%	/	0	64,921,557
3.6 years	4.8 years	NO	Covivio Head of Operations France	/	100%	/	0	1
17.2 years	6 years	NO	Crédit Agricole Assurances Head of Real Estate Investments	Member of the Audit Committee	83%	100%	3	21,266,435
17.2 years	10.8 years	NO	Equity Manager ACM	/	100%	/	0	11,473,544
17.2 years	13.2 years	NO	Manager Western Europe for Generali Real Estate SpA	/	100%	/	1	10,854,860
14 years	14 years	NO	Head of Real Estate BNP Paribas Cardif	Chairman of the Audit Committee	100%	100%	2	15,701,102
3.8 years	3.8 years	YES	Head of Real Estate Sogecap	/	100%	/	2	7,639,782
3.8 years	3.8 years	YES	Chief Executive Officer of CDC Investissement Immobilier	Member of the Audit Committee	100%	100%	1	7,985,188
/	1.6 years	YES	Independent Director	/	100%	/	0	10
11.1 years	**7.2 years**		**Average attendance rate**		**94%**	**100%**		

5.2.2.1.1 Changes in the composition of the Supervisory Board in 2021

Changes made to the composition of the governance bodies during 2021

Governance body	Date	Departure	Appointment	Renewal
General Meeting	8 April 2021	Jean Luchet (term of office expired)		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

	Number of members		Percentage of independent		Percentage of women		Average age	
Body	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**
Supervisory Board	14	13	29%	23%	43%	46%	49	48
Audit Committee	4	4	25%	25%	25%	25%	51	52

5.2.2.1.2 Change in the composition of the Supervisory Board proposed for the fiscal year 2022

At the next General Meeting of 7 April 2022, the following proposals will be proposed 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 2022:
  - COVIVIO represented by Laurie Goudallier
  - PREDICA, represented by Emmanuel Chabas
  - CARDIF ASSURANCE VIE represented by Nathalie Robin
  - GENERALI VIE, represented by Sébastien Pezet.

Impacts of changes in the composition of the Supervisory Board subject to the approval by the Combined General Meeting of 7 April 2022 of the above-mentioned renewals of terms of office of Supervisory Board members.

5.2.2.1.3 Profile, experience and expertise of non-executive corporate officers (information as of 31 December 2021)

The renewal of the terms of office of members of the Board which expired in 2021 have enabled the Board to maintain, with its 13 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) 2019/980 dated 14 March 2019, we communicate below the list of all offices and functions exercised in all companies by each of the corporate officers of the company during the 2021 fiscal year and during the last five fiscal years, as well as the biography of each of them:

Christophe Kullmann

Main position:

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 2021: 2,779

Biography

Christophe Kullmann has spent his whole career in the real estate industry. He was in charge of the Finance Department 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 Fédération des Entreprises Immobilières (formerly 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, 6 April 2018 and 8 April 2021

Date of expiry of the term of office: General Meeting of 2024 approving the annual financial statements for the fiscal year ending 31 December 2023

Offices held within the Covivio Group:

Chief Executive Officer: Covivio (SA), public company

Chairman of the Supervisory Board: Covivio Hotels (SCA), public company, Covivio Immobilien SE (European company incorporated under German law)

Chairman of the Board of Directors: Foncière Développement Logements - FDL (SA)

Director: Covivio (SA), public company.

Legal representative of Covivio, Chairman: Technical (SASU), 6, rue Fructidor (SAS)

Legal representative of Covivio, General Manager: SCI Esplanade Belvédère II (until 25/01/2022), 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 9, rue des Cuirassiers, SCI N2 Batignolles, SCCV Bobigny Le 9e Art, Chartres Avenue de Sully (SCCV)

Legal representative of Covivio, Co-Manager: SNC Cœur d'Orly Promotion, Fontenay-sous-Bois Rabelais (SCCV)

Offices held outside the Group:

Honorary Chairman: FEI (formerly FSIF) (professional association)

Director: IEIF (Institut de l'Épargne Immobilière et Foncière) (think tank)

Chairman of the Scholarships Committee: Fondation Palladio (foundation)

Representative of Covivio, member of the Executive Committee: Fondation Palladio (foundation)

Terms of office expired within the last five fiscal years:

Chairman of the Board of Directors: FEI (trade body - ended in 2019)

Deputy Director and member of the Executive and Investment Committee: Beni Stabili SpA SIIQ, Italian public company (ended in 2018)

Chairman of the Strategic Committee: FDM Management SAS (ended in 2018)

Legal representative of Covivio, General Manager: SCI of 288 rue Duguesclin (until 30/09/2021), SCI Raphaël (ended in 2018), SCI Omega A (ended in 2018), SCI Omega C (ended in 2018), 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: EPRA (ended in 2018)

Legal representative of Covivio, Co-Manager: Chartres Avenue de Sully (SCCV) (ended in 2020)

Member of the Executive Board: EPRA (term ended in 2017)

Olivier Estève

Main position:

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 2021: 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, 6 April 2018 and 8 April 2021

Date of expiry of the term of office: General Meeting of 2024 approving the annual financial statements for the fiscal year ending 31 December 2023

Offices held within the Covivio Group:

Deputy General Manager: Covivio (SA), public company

Chairman: Covivio 2 (SAS), Société du Parc Trinité d'Estienne d'Orves (SAS) (since 05/11/2021), Hotel N2 (SASU) (since 06/12/2021)

Chairman and Chief Executive Officer (CEO): République (SA) (until 25/01/2022)

Permanent representative of Covivio, Director: Foncière Développement Logements – FDL (SA)

Member of the Audit Committee: Covivio Hotels (SCA), public company

Member of the Supervisory Board: Covivio Hotels (SCA), public company

Vice-Chairman of the Supervisory Board: Covivio Immobilien SE (European company incorporated under German law)

Chairman of the Board of Directors: Central Societa Di Investimento Per Azioni a Capitale Fisso (Italian share-based company)

General Manager: SNC Jean Jacques Bosc, SCI Terre Neuves, SCI Rue de la Louisiane, Covivio Développement (SNC), Covivio Ravinelle (SARL), EuroMarseille Invest (EURL), Covivio 4 (EURL), Covivio 7 (EURL), Fédération (EURL), BGA Transaction (SARL), Foncière Margaux (SARL), 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 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 Lavignolle, SNC Saint Germain Hennemont, SNC Antony Avenue De Gaulle, SNC Aix en Provence Cezanne, Covivio Alexanderplatz S.à.r.l (Luxembourg share-based company)

Co-Manager: SCI EuroMarseille 1, SCI EuroMarseille 2

Terms of office expired within the last five fiscal years:

Legal representative of République, Chairman: Société du Parc Trinité d'Estienne d'Orves (until 05/11/2021)

Chairman of the Board of Directors: 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: SNC Cœur d'Orly Commerces (ended in 2019), SCI Holding Bureaux Cœur d'Orly (ended in 2018), SNC Holding Commerces Cœur d'Orly (ended in 2018)

Legal representative of Covivio, General Manager: SCI of 288 rue Duguesclin (until 30/09/2021), 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 – FDL (SA) (ended in 2017)

Permanent representative of Covivio 2, Director: Foncière Développement Logements – FDL (SA), public company (ended in 2017)

General Manager: SARL du 2, rue Saint Charles (until 30/09/2021), SNC Sully Chartres (until 30/09/2021), SCI Rueil B3 B4 (ended in 2019), SCI Palmer Montpellier (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),

Legal representative of Foncière Margaux, General Manager: SCI du 2, rue de l'Ill (until 30/09/2021), SCI du 35/37, rue Louis Guérin (ended in 2020), SCI du 8 rue M. Paul (ended in 2020), 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),

Legal representative of Telimob Paris SARL, General Manager: Telimob EST SNC (until 30/11/2021),

Legal representative of SCI EuroMarseille 1, General Manager: SCI EuroMarseille BH (until 30/04/2021) 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) (ended in 2020)

Olivier Estève

Main position:

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 2021: 842

Offices held within the Covivio Group (continued):

Legal Representative of Fédération, General Manager: Federimmo (SCI)

Legal representative of Telimob Paris SARL, General Manager: Telimob Nord SNC, Telimob Ouest SNC, Telimob PACA SNC, Telimob Paris SNC, Telimob Rhône-Alpes SNC, Telimob Sud-Ouest SNC

Legal representative Foncière Margaux, General Manager: SCI du 1, rue de Châteaudun, SCI du 3, place A. Chaussy, SCI du 10 *bis* et 11 à 13, allée des Tanneurs, SCI du 20, avenue Victor Hugo, SCI du 32, avenue P. Grenier, SCI du 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,

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,

Legal representative of République, General Manager: Gespar (SC) (ended 25/01/2022, Parking de la Comédie (SNC) (until 25/01/2022), Parking de la Gare Charles de Gaulle (SNC)(until 25/01/2022)

Legal representative of Covivio, General Manager: SCI Lenovilla, SCI Latécoère, SCI Esplanade Belvédère II (until 25/01/2022), SCI Le Ponant 1986, SCI 11 place de l'Europe, SCI Latécoère 2, SCI Meudon Saulnier, SCI du 15, rue des Cuirassiers, SCI du 9, rue des Cuirassiers, SCI N2 Batignolles, SCCV Bobigny Le 9{t1}e{/t1} Art, Chartres Avenue de Sully (SCCV)

Legal representative of Covivio, Chairman: Technical (SAS), 6, rue Fructidor (SAS)

Legal representative of Covivio, Co-Manager: Fontenay-sous-Bois Rabelais (SCCV), SNC Cœur d'Orly Promotion

Offices held outside the Group:

None

Najat Aasqui

Main position:

Head of equities and real estate portfolios at Crédit Agricole Assurances

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 2021: 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 the term of office: General Meeting of 2023 to approve the financial statements for the fiscal year ended 31 December 2022

Offices held within the Covivio Group:

None

Offices held outside the Group:

Permanent representative of PREDICA: Member of Supervisory Board Altarea COGEDIM, Member of the Supervisory Board ARGAN (listed SA), Member of Board of Directors of SFL (until August 2021), Member of Board of Edison Renewables SPA (about December 2021)

Member of the Audit Committee of Argan (listed SA)

Member of the Appointments and Remunerations Committee Argan (listed SA)

Terms of office expired within the last five fiscal years:

None

Covivio

18, avenue François Mitterrand
57000 Metz

Metz Trade and Companies Register 364 800 060

Number of shares held at 31 December 2021: 64,921,557

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 – FDL (SA), République (SA) (until 25/01/2022)

Member of the Supervisory Board: Covivio Hotels (SCA), public company

Chairman: Technical (SAS), 6 Rue Fructidor

General Manager: SCI Esplanade Belvédère II (until 25/01/2022), 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 9, rue des Cuirassiers, SCI N2 Batignolles, SCCV Bobigny Le 9e Art, Chartres Avenue de Sully

Co-General Manager: SNC Cœur d'Orly Promotion, Fontenay-sous-Bois Rabelais (SCCV)

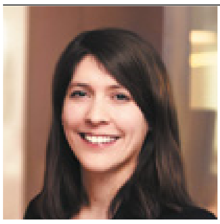
Offices held outside the Group:

Member of the Executive Committee: Fondation Palladio (foundation)

Terms of office expired within the last five fiscal years:

General Manager: SCI of 288 rue Duguesclin (until 30/09/2021), 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-General Manager: Charters Avenue de Sully (SCCV) (ended in 2020)



Laurie Goudallier

Main position:

Chief Transformation & IT Officer

Born on 15 March 1987 in Versailles

French national

Business address:
30, avenue Kléber 75116 Paris

Number of shares held at 31 December 2021: 0

Biography

Laurie Goudallier has been Chief Digital & IT Officer of Covivio since 2018, and in this capacity is a member of the Executive Committee. Her mission is to control the digital and IT 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

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 2021: 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 – FDL (SA) (ended in 2017)

Joséphine Lelong-Chaussier

Main position:

Head of Corporate Legal M&A of the Covivio Group

Born on 7 January 1983 in Neuilly-sur-Seine

French national

Business address:
30, avenue Kléber 75116 Paris

Number of shares held at 31 December 2021: 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 Head of Corporate Legal M&A of the Covivio group.

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

Director: B2 Hotel Invest (SPICCAV) (since 16 November 2021), Office CB 21 (SPICCAV) (since 17 November 2021)

Offices held outside the Group:

Member of the Scholarships Committee: Fondation Palladio (foundation)

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 2021: 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 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

General Manager: SCI du 1, rue de Châteaudun, SCI du 3, place A. Chaussy, SCI du 10 *bis* et 11 à 13, allée des Tanneurs, SCI du 20, avenue Victor Hugo, SCI du 32, avenue P. Grenier, SCI du 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 2, rue de l'Ill (until 30/06/2021), SCI du 8, rue M. Paul (ended in 2020), SCI du 35/37 Rue Louis Guérin (ended in 2020), SCI du 682, cours de la Libération (ended in 2019), SCI du 11, avenue de Sully (ended in 2017), SCI du 9, rue des Cuirassiers (ended in 2017),

Marielle Seegmuller

Main position:

Covivio Head of Operations

Born on 17 October 1972
in Saint-Brieuc

French national

Business address:
30, avenue Kléber 75116 Paris

Number of shares held at 31 December 2021: 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

Chairman of the Board of Directors: Office CB 21 SPPICAV,

Chief Executive Officer and Director: Foncière Développement Logements - FDL SA

General Manager: Covivio Property SNC

Member of Partnership Committee: 6 Rue Fructidor (SAS), SCI Du 15 Rue Des Cuirassiers, SCI Du 9 Rue Des Cuirassiers, SCI Latécoère, SCI Latécoère 2, SCI Euromarseille 1, SCI Euromarseille 2, Federimmo (SCI), SCI 11 Place de l'Europe

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: Société Civile Immobilière du 26/28, rue Jacques Dulud à Neuilly-sur-Seine (SCI) (until 31/03/2021) IMEFA Quarante Six SCI (ended in 2019), Société Civile Immobilière Suresnes 2 SCI (ended in 2019), IMEFA Quatre Vingt Quinze SCI (ended in 2020), 25, rue Gutenberg (SCI) (ended in 2019)

Permanent representative of GFR Kleber, member of the Supervisory Board: Covivio Hotels (SCA), public company (ended in 2018)

Permanent representative of Covivio, Director: Foncière Développement Logements (SA) (ended in 2017)

Predica

16/18, boulevard de Vaugirard
75015 Paris

Paris Trade and Companies Register 334 028 123

Number of shares held at 31 December 2021: 21,266,435

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 (public company), Previseo Obsèques, Lesica, Semmaris, Fonds Stratégique de Participations SICAV, Argan (public company), Française des Jeux (public company)

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, Predica Bureaux (OPCI)

Terms of office expired within the last five fiscal years:

Member of the Supervisory Board: Effi Invest I SCA (ended in 2018)

Director: Eurosic (SA, public company)(ended in 2017), Sanef (SA, public company), Louvresses Development I SAS (ended in 2018), République (SA) (ended in 2017), CA Life Greece (foreign company – ended in 2018), Ramsay Générale de Santé (SA, public company ended in 2018), Foncière Développement Logements (SA, public company) (ended in 2017), River Ouest OPCI (ended in 2019)

Chairman: Citadel SAS, Citadel Holding SAS

Emmanuel Chabas

Main position:

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 2021: 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)

Chairman of the Partnership Committee: SCI Latécoère, SCI Latécoère 2, SCI 11, place de l'Europe.

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

Member ofAdvisory Board: OPCI ALTA COMMERCES EUROPE

Director, Chairman and Chief Executive Officer: SA Foncière Hypersud

Representative of Predica: SCI Tour Merle, SCI Distripole Porte de France, SAS Fonds Euroffice

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

Co-General Manager: CAA Stern GmbH (Austrian company)

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 position:

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 2021: 0

Offices held outside the Group (continued):

General Manager: SCI Montparnasse Cotentin, Lux Leudelange SARL (Luxembourg company), L2A SA (Luxembourg company), L2B SA (Luxembourg company), SCI AEV CA, 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 100, SCI Imefa 101, SCI Imefa 102, SCI Imefa 103, SCI Imefa 104, SCI Imefa 105, SCI Imefa 107, SCI Imefa 108, SCI Imefa 109, SCI Imefa 110, SCI Imefa 112, SCI Imefa 113, SCI Imefa 115, SCI Imefa 116, SCI Imefa 117, SCI Imefa 118, SCI Imefa 120, SCI Imefa 121, SCI Imefa 122, SCI Imefa 123, SCI Imefa 126, SCI Imefa 128, SCI Imefa 129, SCI Imefa 131, SCI Imefa 132, SCI Imefa 140, SCI Imefa 148, SCI Imefa 149, SCI Imefa 150, SCI Imefa 155, SCI Lyon Tony Garnier (ex-Imefa 156), SCI Villeurbanne-La Soie Îlot H (ex-Imefa 157), SCI Imefa 158, SCI Imefa 159, SCI Imefa 161, SCI Imefa 162, SCI Imefa 163, SCI Imefa 164, SCI Imefa 165, SCI HDP Bureaux (ex-Imefa 166), SCI HDP Hôtel (ex-Imefa 167), SCI HDP la Halle (ex-Imefa 168), SCI Imefa 169, SCI Imefa 170, SCI Imefa 171, SCI Imefa 172, SCI Imefa 173, SCI Imefa 174, SCI Imefa 175, SCI Imefa 176, SCI Imefa 177, SCI Imefa 178, SCI Imefa 179, SCI Imefa 180, SCI Imefa 181, SCI Imefa 182, SCI Imefa 183, SCI Imefa 184, SCI Imefa 185, SCI Imefa 186, SCI Imefa 187, SCI Imefa 188, SCI Imefa 189, SCI Imefa 190, SCI Imefa 192, SCI Imefa 193, SCI Imefa 194, SCI Imefa 195, SCI Imefa 196, SCI Spirica Boisseau, SCI Imefa 198, SCI Imefa 199, SCI Imefa 201, SCI Imefa 202, SCI Imefa 203, SCI Imefa 204, SCI Imefa 205, SCI Imefa 206, SCI Imefa 207, SCI Imefa 208, SCI Imefa 209, SCI Imefa 210, SCI Imefa 211, SCI Imefa 212, SCI Fédérale Péreire Victoire, SCI Federlog, SCI Feder Londres, SCI Fédérale Villiers, SCI Grenier Vellefaux, SCI Médibureaux, SCI Medic Habitation, SCI Vicq d'Azir-Vellefaux, SCI Vicq Neuilly, SCI Féderpierre, SCI 1-3, place Valhubert, SCI Village Victor Hugo

General Manager of Féderpierre, General Manager: SCI Longchamp Montevideo, SCI Féderpierre MichaL, SCI Féderpierre Caulaincourt, SCI Féderpierre Université, SCI Féderpierre Capucines

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 and Audit Committee: 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 Real Estate Committee: FFA

Director and member of the Remuneration Committee: SICAF Central (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 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 2021: 11,473,544

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, 6 April 2018 and 8 April 2021

Date of expiry of the term of office: General Meeting of 2024 approving the annual financial statements for the fiscal year ending 31 December 2023

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:

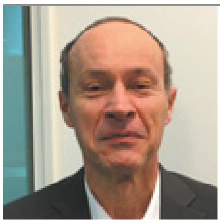
Director: Serenis Assurances SA, ACM GIE, ACM Services SA, Foncière Masséna SA, Agrupacio ACMI de Seguros y Reaseguros SA, GACM Seguros Generales, Compania de Seguros y Reasuraguros SAU, GACM Espagne SA, Valinvest Gestionon

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: SCPI Ouest Pierre Investissement (ended in 2017)

Director: Partners Assurances SA (foreign company) (ended in 2017),



François Morrisson

Main position:

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 2021: 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, 6 April 2018 and 8 April 2021

Date of expiry of the term of office: General Meeting of 2024 approving the annual financial statements for the fiscal year ending 31 December 2023

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 SPPICAV

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 2021: 10,854,860

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 (public company), Advize Group

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: SCPI Foncia Pierre Rendement (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 position:

Manager Western Europe for 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 2021: 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, 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 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 (SPPICAV SAS)

Permanent Representative of Generali Vie, member of the Board of Directors: Mercialys (SA) (public company)

Representative of Generali Real Estate, Member of Board of Directors: Fédération des Sociétés Immobilière et Foncière

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: SA ANF Immobilier (ended in 2018)

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 2021: 15,701,102

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

Chairman of the Audit Committee: Covivio Hotels (SCA), public company

Offices held outside the Group:

Director: Icade Santé SA, 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 Rendement 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, 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 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,

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

Member of the Supervisory Board: Plein Air Property Fund SPPICAV

Member of the Oversight Committee: Icade Santé SAS

Nathalie Robin

Main position:

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 2021: 0

Biography

Nathalie Robin holds a DESS in Real Estate Law and has been the Head of Real Estate of BNP Paribas Cardif (following the merger of BNP and Paribas) since 2001. Previously, she was Head of Real Estate of Natio Vie (BNP Group) from 1989 to 2001.

Office held with Covivio Hotels:

Permanent Representative of Cardif Assurance Vie, member of the Supervisory Board

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 Rendement 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 Supervisory Board: PREIM Healthcare SAS, PWH SPPICAV SAS, Hemisphere SCI, 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

Permanent representative of Cardif Assurance Vie, member of the Supervisory Committee: Icade Santé SAS

Permanent representative of Cardif Assurance Vie, member of the Supervisory Board: Plein Air Property Fund SPPICAV

Adriana Saitta

Main position:

Independent Director

Born 9 June 1970 in Rome

Italian nationality Business address: 18, rue du Quatre-Septembre 75002 Paris

Number of shares held at 31 December 2021: 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 renewal: GMs of 8 April 2021

Date of expiry of the term of office: General Meeting of 2024 approving the annual financial statements for the fiscal year ended 31 December 2023

Offices held within the Covivio Group:

Member of the Supervisory Board: Covivio Hotels (SCA), public company

Offices held outside the Group:

Independent advisor: Intesa Sanpaolo Luxembourg

Terms of office expired within the last five fiscal years:

Independent advisor: Beni Stabili

Sogecap

Tour D2 17 *bis*, place des Reflets 92919 Paris-La Défense 2

Nanterre Trade and Companies Register 086 380 730

Number of shares held at 31 December 2021: 7,639,782

Office held with Covivio Hotels:

Member of the Supervisory Board

Date of appointment: GM of 6 April 2018

Date of renewal: GM of 8 April 2021

Date of expiry of the term of office: General Meeting of 2024 approving the annual financial statements for the fiscal year ending 31 December 2023

Offices held within the Covivio Group:

Member of the Supervisory Board: Covivio Hotels (SCA)

Offices held outside the Group:

Director: Sogelife (non-public Luxembourg company), SA Carmila, SAS Orientex Holdings, SA BG1 (Luxembourg company), SA la Marocaine Vie (Moroccan company), SA Frey (public company), SPICCAV Oteli France, Fonds Stratégique de Participations, UIB Assurance, Icade Santé, Icade Healthcare Europe, Powerhouse habitat, PREIM Healthcare, Selectirente

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 Liban (Lebanese company), Château Mazeyres Pomerol, SA Oradea Vie, Carmila SAS

5

Yann Briand

Main position:

Head of Real Estate 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 2021: 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 renewal: GM of 8 April 2021

Date of expiry of the term of office: General Meeting of 2024 approving the annual financial statements for the fiscal year ending 31 December 2023

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, Carmila, Frey, Icade Santé, Icade Healthcare Europe, Powerhouse habitat, PREIM Healthcare,

Permanent representative of Sogecap, member of the Audit Committee: Carmila

Permanent representative of Sogecap, member of the Appointments and Remuneration Committee and member of the Investment Committee: Frey

Other directorship: Sogecap Real Estate

Terms of office expired within the last five fiscal years:

Carmila SAS, SGA Resiparis

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 register 180 020 026

**Number of shares held
at 31 December 2021: 7,985,188**

Office held with Covivio Hotels:

Member of the Supervisory Board

Date of appointment: GM of 6 April 2018

Date of renewal: GM of 8 April 2021

Date of expiry of the term of office: General Meeting of 2024 approving the annual financial statements for the fiscal year ending 31 December 2023

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 (listed company), Icade (public company), Veolia Environnement (listed company)

Terms of office expired within the last five fiscal years:

Director: CNP Assurances (listed company)

Arnaud Taverne

Main position:

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 2021: 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 renewal: GM of 8 April 2021

Date of expiry of the term of office: General Meeting of 2024 approving the annual financial statements for the fiscal year ending 31 December 2023

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 (public company), Immobilière de la Laine SA (foreign company)

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

5.2.2.1.4 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 1.6.7.

5.2.2.2 Methods of organisation and operation of the Supervisory Board

5.2.2.2.1 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 5.2.1.2, 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 12 February 2021, the Supervisory Board examined, *via* the minutes of the Audit Committee meeting of 9 February 2021, 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 18 February 2022, 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.

Also, the Supervisory Board, at its meeting of 27 April 2021, reviewed the Group's CSR policy, which forms part of a European policy for all the activities of the Covivio Group and was the subject of the number of studies including CSR risk mapping, an analysis of the carbon trajectory and the preparation and declaration of energy performance at European scale. The Board also reviewed and approved the company's policy on gender equality, the non-discrimination policy and the diversity policy implemented in the Board which were presented to it.

In addition, a CSR committee in Covivio was created in July 2021, to support the work of Covivio's Board of Directors on matters of environmental, social, employment and governance responsibility and make sure relevant CSR issues are addressed in the Group strategy, which includes Covivio Hotels is part, and in its implementation within the group.

5.2.2.2.2 Agreements submitted to the Supervisory Board

5.2.2.2.2.1 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 2021 fiscal year, directly or by any intermediary, between firstly, one of the corporate officers or one of the shareholders holding more than 10% of 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.

5.2.2.2.2.2 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 18 February 2022 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.

5.2.2.2.3 Rules on the composition of the Supervisory Board

5.2.2.2.3.1 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

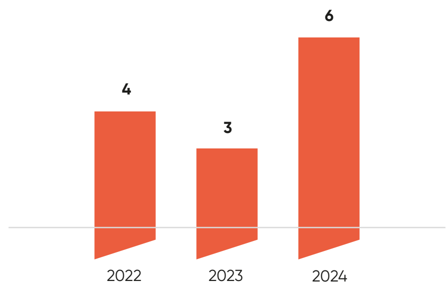
The Supervisory Board does not include any member representing employees: this lack of representation on the Board is due to the fact that Covivio Hotels does not fall within the scope of application in accordance with Article L. 226-5-1 of the French Commercial Code.

5.2.2.2.3.2 Duration 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



5.2.2.2.3.3 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 (1)
- 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.

5.2.2.2.4 Diversity policy of the Supervisory Board

5.2.2.2.4.1 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.

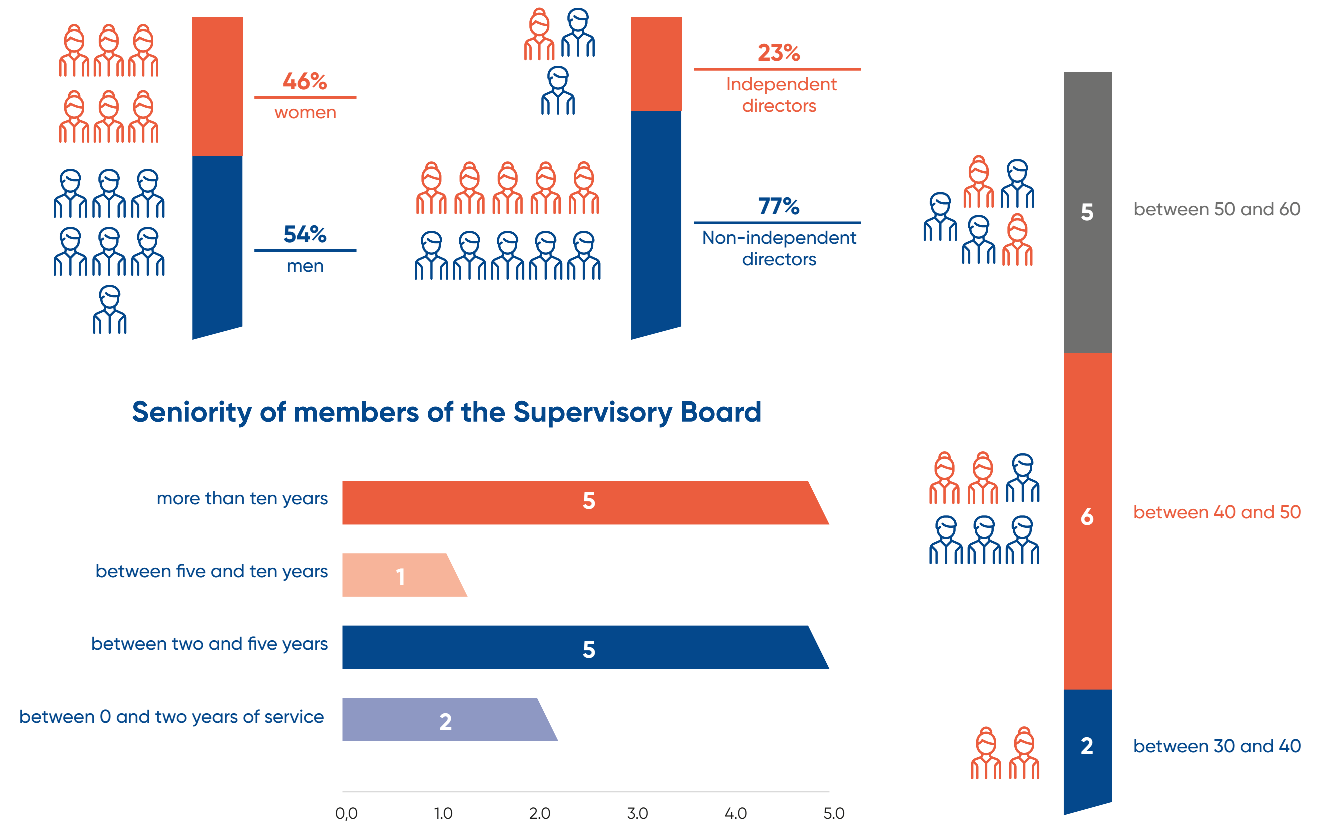
The Supervisory Board pays particular attention to its composition, to ensure that it promotes diversity. This diversity is essential for the Board because it is a source of dynamism and performance, thus ensuring the quality of the Board's debates and decisions.

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 fiscal year 2021
Representation of women and men	❑ Seeking a balanced representation of men and women on the Board and the Audit Committee. → 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 percentage of women on the Supervisory Board rose to 46%, above the legal minimum threshold, following the expiry of Jean Luchet's term of office.
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. ❑ 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. ❑ 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 ❑ The Board strengthened its international skills with the appointment of Adriana Saitta ❑ These powers are detailed in section 5.2.2.1.3. 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, bearing in mind that the Articles of Association require that no more than one third of Supervisory Board members can be over 75 ❑ Seeking a balanced distribution of seniority on the Board	❑ The members of the Board are between 34 and 59 years old ❑ The average age is 48 ❑ 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 ❑ The majority of members have international experience.

(1) Generali Vie reported that on 11 March 2020 it was sanctioned by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) following inspection of the Retirement business (condemnation and monetary sanction of €10 million). Cardif Assurance Vie reported that it had been sanctioned on 29 April 2021 by the ACPR following an inspection in 2018-2019 of the system in place in 2016 and 2018 for anti-money laundering and terrorist financing, and asset freezes: the criticisms of Cardif Assurance Vie notably related to the consequences of the implementation of its transaction oversight tool (UGO), whose pre-testing failed to identify some anomalies, and to the asset freezing system. Cardif Assurance Vie was not found responsible for any cases of money laundering or terrorist financing. All the criticisms were remedied, in some cases even before the ACRP inspection began.

The Supervisory Board ensures that any change in its composition and, to the extent possible, in that of its Committee, complies with this policy.



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 2021 is appropriate.

5.2.2.2.4.2 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** He or she is not and has not been within the previous five years: • an employee or executive corporate officer of the Company • an employee, executive corporate officer or director of a company that the company consolidates • employee, executive corporate officer or director of the parent company or of a company consolidated by that parent company.
Criterion 2	**Cross-holdings of office** He or she is not an executive officer of a company in which the company directly or indirectly holds a directorship or in which an employee appointed as a director or executive corporate officer of the company (currently or within the past five years) holds a directorship.
Criterion 3	**Significant business relationships** He or she is not a significant customer, supplier, commercial banker, investment banker or advisor: • of the company or its group • or for whom the company or its group represents a significant part of activity. Assessment of the significant or otherwise nature of the relationship between the company or its group is discussed by the Board and the quantitative or qualitative criteria supporting this assessment (length, economic dependence, exclusivity, etc.) detailed in the annual report.
Criterion 4	**Family links** He or she has no close family ties with a corporate officer.
Criterion 5	**Statutory Auditors** He or she has not served as a Statutory Auditor for the company during the past five years.
Criterion 6	**Term of office exceeding 12 years** He or she has not been a director of the company for more than 12 years. The status as independent director will no longer prevail on the 12-year anniversary date.
Criterion 7	**Status of non-executive corporate officer** 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** Directors representing significant shareholders in the company or its parent company may be considered independent if these shareholders do not participate in the company's control. Nevertheless, when more than 10% of the company's equity or voting rights are held, the Board, acting upon a report from the Appointments and Remunerations Committee, systematically examines the qualification as independent, taking into account the composition of the company's equity and potential conflicts of interest.

Secondly, in accordance with Article 9.4 of the Afep-Medef Code, beyond merely noting of whether or not these criteria are met, the Board analyses, on a case-by-case basis, whether or not the member of the Board meets the general definition contained in the Afep-Medef Code, which states that a member of the Board is independent if he or she does not maintain any relationships of any kind whatsoever with the company, its group or its management that could compromise the exercise of his or her freedom of judgement. Accordingly, "independent Board member" means not only "non-executive director", that is to say, a director who not only does not exercise a management function in the company or its group, but also lacks a special interest relationship (significant shareholder, employee, other) with them.

More specifically, it seeks to establish whether a member of the Board who could be presumed to be independent under the Afep-Medef Code does not maintain other relationships (professional or personal) that may to hinder his or her freedom of analysis and decision. Conversely, the Board also seeks to establish whether or not a member of the Board, although presumably non-independent with respect to one of the criteria established by the Code, could be considered free from constraints, since in this case the criterion in question generates no loss of independence with regard to the particular situation of the company. This case-by-case analysis is particularly justified by the specific nature of the real estate sector, which focuses on an identified number of players and is led by well-known individuals.

At its meeting on 18 February 2022, the Supervisory Board conducted an annual review of the independence criteria for each member of the Supervisory Board in relation to the criteria set by the Afep-Medef Code. Taking into account the recommendations of the Autorité des Marchés Financiers and the High Committee on Corporate Governance, the Board also assessed, where appropriate, the material or non-material nature of the business relationships between the members of the Supervisory Board and the company or its group, particularly with regard to the type of relationship and amounts involved therein.

The Board has adopted a multi-criteria approach to the material nature of a business relationship, with a focus on qualitative analysis. To this end, it took into account all of the following criteria:

Qualitative criterion	• Significance of the business relationship for the Board member and the company (potential economic dependence, exclusivity or influence of the business relationship within the sector, etc.) • Structure of the relationship, including the position of the member in question concerned in the contracting company (length of the term of office as director, existence of an operational function within the entity concerned, direct decision-making power over the contracts constituting the business relationship, direct interest for the Board member or contract-related remuneration paid to the Board member, etc.) • Term and continuity of the business relationship.
Quantitative criterion	• Share of the company's revenues in the business relationship with the entities to which the Board member is related.

Following this review, the Supervisory Board decided to maintain in 2021 the independence classification of Adriana Saitta, Sogecap represented by Yann Briand and Caisse des Dépôts et Consignations, represented by Arnaud Taverne, 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
- 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 insurance company is not considered significant for either party, in accordance with the qualitative and quantitative criteria defined above. It was noted that in 2021, 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 2021, 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 3 December 2019, 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
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 and 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 23% 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.

5.2.2.2.4.3 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 46% female membership on the Supervisory Board, the company meets the legal obligation introduced in 2017.

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 is higher than in fiscal year 2020.

The Combined General Meeting is asked to reappoint a number of women directors (Covivio represented by Laurie Goudallier and Cardif Assurance Vie represented by Nathalie Robin). The proportion of women will thus be unchanged at 46% of members, significantly higher than the legal minimum.

5.2.2.2.4.4 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. This appointment responded to the desire expressed by members of the Supervisory Board in their last internal review of the work of the Board in diversifying the composition and strengthening international experience of the Board.

5.2.2.2.4.5 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.

5.2.2.2.5 Rules of operation and organisation of the Supervisory Board

5.2.2.2.5.1 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.

5.2.2.2.5.2 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. 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 the company or any company in its group. This applies in particular where, for any transaction being considered or undertaken by the company, a member of the Board or a company of which a Board member is an employee or corporate officer might have competing interests or interests opposed to those of the company or the companies within its group. In such a case, the relevant Board member (or the relevant permanent representative of the legal entity who is a member of the Board) must refrain from participating in the discussions and deliberations of the Board or any committee relating to the transaction, and more generally observe a strict duty of confidentiality. In case of a standing conflict of interest, the Board member concerned (or the permanent representative of the legal entity Board member concerned) must submit his or her resignation.
Duty of diligence	Each member of the Board is required to devote the time and attention necessary to the performance of his or her duties. He or she must be diligent and, to the extent possible, attend all of the meetings of the Board and, as the case may be, the Audit Committee as well as the General Meetings of Shareholders.
Duty of confidentiality	In the case of non-public information acquired in connection with his or her duties and deemed to be confidential, each person attending to the Board will be bound to professional secrecy, beyond the simple obligation of discretion provided for by Article L. 225-37 of the French Commercial Code, and must strictly preserve its confidentiality. He or she must also refrain from trading company securities pursuant to the rules on insider dealing and from trading securities of companies on which he or she has privileged information due to his or her duties, pursuant to the principles stipulated by the Guide on the Prevention of Insider Trading.
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.

5.2.2.2.5.3 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
- Well-structured Supervisory Board
- A good understanding of the strategy
- High-quality meetings, fostered by good relationships between Board members, their engagement in discussions and freedom of expression
- Effectiveness of the Audit Committee: composition, organisation and quality of work

Areas for improvement proposed by Supervisory Board members

- Structure and composition of the Board: improve the skills of the Board as regards international experience in line with the composition of our portfolio
- Inform the Board of the company's policy in matters of gender equality at work and diversity of the managerial bodies
- Devote more time to CSR topics

The year 2021 was used to continue the current good momentum, including:

- Strengthening the international competencies of the Board with the appointment of Adriana Saitta on 15 July 2020.
- Availability and involvement of Board members in managing the Covid-19 crisis with the holding of an exceptional Supervisory Board meeting on 10 March 2021, to study the impact of the crisis on the hotel sector and company
- Supervisory Board meeting on 27 April dedicated to CSR issues and the company's policy on gender equality and diversity of management bodies

The year 2022 will be used to continue the current good momentum and make further progress on the suggested areas for improvement.

5.2.2.2.5.4 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) and Deputy General Manager 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.

5.2.2.3 Activity of the Supervisory Board in 2021

5.2.2.3.1 Attendance by members of the Supervisory Board

During the 2021 fiscal year, the Supervisory Board met six times, convened by its Chairman. The average attendance rate of the members was 94%. The rate of attendance of each member was:

Number of meetings	1	2	3	4	5	6	Attendance rate
Christophe Kullmann							100%
Olivier Estève							83%
Najat Aasqui							100%
Joséphine Lelong-Chaussier, permanent representative of Covivio Participations							100%
Laurie Goudallier, permanent representative of Covivio							50%
Marielle Seegmuller, permanent representative of Foncière Margaux							100%
Emmanuel Chabas, permanent representative of Predica							83%
François Morrisson, permanent representative of ACM Vie							100%
Sébastien Pezet, permanent representative of Generali Vie							100%
Nathalie Robin, permanent representative of Cardif Assurance Vie							100%
Adriana Saitta							100%
Yann Briand, permanent representative of Sogecap							100%
Arnaud Taverne, permanent representative of Caisse des Dépôts et Consignations							100%
Jean Luchet (until 8 April 2021)							100%
Average attendance rate							94%

Total number of sessions
Attendance at meetings

5.2.2.3.2 Main work of the Supervisory Board's work

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 10 March 2021 as part of the management of the Covid-19 crisis.

A two-day strategy seminar was also held in Lille, where members of the Supervisory Board discussed company strategy through a review of the current portfolio and market trends, and defined a five-year strategy.

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 ● Report on the impact of the Covid crisis on the hotel sector and the company ● authorisation of the main decisions affecting its business, particularly with regard to investment transactions and asset disposals ● regular progress report on previously authorised projects ● 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 ● regular progress report on agreements and negotiations with tenants and their impact on the company's revenues
Governance	● review of the independence of the members of the Supervisory Board with regard to the criteria defined by the Afep-Medef Code ● debate on the functioning of the Supervisory Board in light of the recommendations made following the internal review of the Supervisory Board in 2019 ● debate on the changes in the composition of the Supervisory Board and its Audit Committee in view of the terms of office expiring in April 2021 ● presentation to the General Meeting to approve the reappointment of the members of the Board whose terms of office expired in April 2021, except for Jean Luchet ● review and approval of the composition of the Audit Committee within the Supervisory Board with regard to the terms of office expiring in April 2021 ● appointment of Tugdual Millet as new representative of the company's General Manager ● regular updating of the Internal Regulations of the Board and its appendix on the prevention of insider trading ● approval of the diversity policy applied to the members of the Board and Audit Committee ● review of the composition of the Supervisory Board with regard to the terms of office expiring in April 2022
General Meeting	● approval of the report by the Chairman of the Supervisory Board on corporate governance, and the Supervisory Board report ● Presentation of the agenda and draft resolutions for the Combined General Meeting of 8 April 2021
Remuneration	● favourable opinion on the remuneration policy of the General Manager, prepared by the limited partner, and submitted for approval by the General Meeting of 8 April 2021 ● consideration and approval of the remuneration policy for the members of the Supervisory Board, which was submitted for approval to the General Meeting of 8 April 2021
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 ● approval of the allocation of the 2020 income prepared by the General Manager and proposed to the Combined General Meeting of 8 April 2021 and distribution of the dividend ● review of the consolidated accounts for the first half of 2021 ● monitoring of the implementation of the 2021 budget and adoption of the budget for the year 2022 ● approval of financial press releases ● 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 ● review and approval of the various (re)financing transactions ● review and approval of a proposed capital increase ● Review and approval of a proposed bond issue
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 ● examination of the results of the internal assessment of the review of agreements relating to routine agreements concluded under normal conditions ● 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 ● approval of the company's gender equality policy ● approval of the diversity policy put in place in the Supervisory Board ● 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 2021.

5.2.3 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.

5.2.3.1 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.

5.2.3.1.1 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 Supervisory Board meeting of 20 April 2021 reappointed Oliver Estève and Arnaud Taverne for their term of office of the member of the Supervisory Board.

The composition of the Audit Committee is as follows:

Audit Committee

4
members

25%
independent members

100%
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.

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.

5.2.3.1.2 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
- review the parent company and consolidated financial statements prepared by the Management 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 2021.

5.2.3.1.3 Work of the Audit Committee in 2021

The Audit Committee met twice, with an 100% 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	100%
Average rate	**100%**

The Audit Committee's review of the financial statements was accompanied by a presentation by the Statutory Auditors outlining the key points not only of the results, but also of the accounting options used and by a presentation by the Chief Operating Officer (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 Risk, Compliance, 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 9 February 2021

Presentation of 2020 highlights – Focus on the balance sheet and customer relations – Examination of the corporate and consolidated financial statements for the year ended 31 December 2020 – Presentation of the work performed by the Risk, Compliance, Internal Audit and Internal Control department.

Meeting of 12 July 2021

Presentation of the highlights of the first-half 2021 - Update on property appraisals - Review of the consolidated accounts at 30 June 2020 - Update on the work of Risk, Compliance, Internal Audit and Internal Control Department over the period.

5.2.4 Remuneration of corporate officers

5.2.4.1 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 7 April 2022 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.

5.2.4.1.1 Remuneration policy applicable to the General Manager, Covivio Hotels Gestion

5.2.4.1.1.1 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 compensation 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 compensation, 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 six 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.

5.2.4.1.1.2 Decision-making process for the determination, revision and implementation of the General Manager's remuneration

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 limited partner, following an advisory opinion issued by the Supervisory Board at its meeting of 18 February 2022. This remuneration policy is unchanged from that previously approved by the Supervisory Board on 12 February 2021.

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.

5.2.4.1.2 Remuneration policy applicable to members of the Supervisory Board

5.2.4.1.2.1 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 60% 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 compensation, 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.

5.2.4.1.2.2 Decision-making process for the determination, revision and implementation of the remuneration of 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 the 24 April 2007 allocated to the Supervisory Board a maximum total gross annual amount of €57,000 for the current fiscal year and subsequent fiscal years and this, until it makes a new decision. The allocation of this remuneration among Board members was approved at 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 18 February 2022. This remuneration policy is unchanged from that previously approved by the Supervisory Board on 12 February 2021.

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.

5.2.4.2 Implementation of the remuneration policy for corporate officers for fiscal year ending 31 December 2021 ("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 7 April 2022 and the unanimous consent of the partners.

5.2.4.2.1 Remuneration paid and/or awarded to the General Manager on a consolidated basis for the fiscal year ended 31 December 2021

5.2.4.2.1.1 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 fiscal year ending 31 December 2021 to Covivio Hotels Gestion for its term of office as General Manager exercised within the company, consisting of total fixed remuneration of €1,202,766.19. 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 fiscal year ending 31 December 2021:

- 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.

5.2.4.2.1.2 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 receives no remuneration from a company included in the scope of consolidation within the meaning of Article L. 233-16 of the French Commercial Code.

Covivio Hotels Gestion has been represented since 21 June 2021 by Tugdual Millet, Chairman, who receives no remuneration from Covivio Hotels. His remuneration is paid by Covivio, the parent company of Covivio Hotels under an employment contract. Covivio Hotels forms part of the consolidation scope of Covivio.

5.2.4.2.1.3 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 2021 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 (amended on 5 January 2022), 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 (amended on 5 January 2022) ("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	2020	2021
Remuneration awarded for the fiscal year (detailed in table 2)	€1,206,411.95	€1,202,766.19
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	**€1,206,411.95**	**€1,202,766.19**

Table 2

Summary table of remuneration of the General Manager (sole executive corporate officer)

	2020		2021	
Name and function of the executive corporate officer Covivio Hotels Gestion: General Manager	Amounts assigned	Amounts paid	Amounts assigned	Amounts paid
Fixed remuneration	€1,206,411.95	€1,206,411.95	€1,202,766.19	€1,202,766.19
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	**€1,206,411.95**	**€1,206,411.95**	**€1,202,766.19**	**€1,202,766.19**

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

5.2.4.2.2 Remuneration paid and/or awarded to the members of the Supervisory Board on a consolidated basis for the fiscal year ended 31 December 2021

5.2.4.2.2.1 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 2021, the company paid, to members of the Supervisory Board and Audit Committee set up within it, total gross remuneration of €37,475 whose breakdown is specified in paragraph 5.2.4.2.2.3. below. The average gross remuneration per member of the Supervisory Board was €3,748.

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 €1,522. 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
- Najat Aasqui and the company 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 2021:

- 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 40% of the total remuneration.

The Supervisory Board of the company, having a proportion of women of 46%, is compliant with the provisions of article L. 22-10-3 of the French Commercial Code.

5.2.4.2.2.2 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. 5 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*

	2020		2021	
Christophe Kullmann: Chief Executive Officer, Chairman of the Supervisory Board of Covivio Hotels	**Amounts assigned for 2020**	**Amount paid in 2020**	**Amounts assigned for 2021**	**Amounts paid in 2021**
Remuneration (detailed in table 2)	1,238,376	1,610,376	1,635,457	1,235,457
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	930,000	930,000	930,000
Valuation of other long-term remuneration plans	0	0	0	0
TOTAL	**2,168,376**	**2,540,376**	**2,565,457**	**2,165,457**

* 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

	2020		2021	
Christophe Kullmann: Chief Executive Officer, Chairman of the Supervisory Board of Covivio Hotels	**Amounts assigned for 2020**	**Amount paid in 2020**	**Amounts assigned for 2021**	**Amounts paid in 2021**
fixed remuneration	700,000	700,000	700,000	700,000
annual variable remuneration (1)	498,000	870,000	898,000	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)	40,376	40,376	37,457	37,457
TOTAL	**1,238,376**	**1,610,376**	**1,635,457**	**1,235,457**

(1) The variable amount of €498 thousand due for 2020 was paid in cash in 2021. The variable amount of €898 thousand due for 2021 is composed of €700 thousand paid in cash and 4,016 free shares. It will be paid subject to approval at the General Meeting of 21 April 2022.

Table 1*

	2020		2021	
Olivier Estève: Deputy General Manager of Covivio, Member of the Supervisory Board of Covivio Hotels	**Amounts assigned for 2020**	**Amount paid in 2020**	**Amounts assigned for 2021**	**Amounts paid in 2021**
Remuneration (detailed in table 2)	683,926	939,926	977,976	680,976
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	400,000	400,000	400,000
Valuation of other long-term remuneration plans	0	0	0	0
TOTAL	**1,083,926**	**1,339,926**	**1,377,976**	**1,080,976**

* 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	2020 Amounts assigned for 2020	2020 Amount paid in 2020	2021 Amounts assigned for 2021	2021 Amounts paid in 2021
fixed remuneration	400,000	400,000	400,000	400,000
annual variable remuneration (1)	242,000	498,000	539,000	242,000
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)	41,926	41,926	38,976	38,976
TOTAL	**683,926**	**939,926**	**977,976**	**680,976**

(1) The variable amount of €242 thousand due for 2020 was paid in cash. The variable amount of €539 thousand due for 2021 is composed of €400 thousand paid in cash and 2,819 free shares. It will be paid subject to approval at the General Meeting of 21 April 2022.

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		

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

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	Performance conditions
Christophe Kullmann	17/02/2021	30,333	€30.66	17/02/2024	17/02/2024	-50% = relative stock market performance compared to EPRA -30% = relative economic criteria (EPRA Earnings and NAV) *vs* EPRA -20% = CSR criteria
Olivier Estève	17/02/2021	13,046	€30.66	17/02/2024	17/02/2024	

* For year N-1.

(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	14/02/2018	14,823	Attendance conditions + relative stock market performance (1/2) and achievement of objectives (1/2)	14/02/2021
Olivier Estève	14/02/2018	7,687		14/02/2021

Also, ACM Vie and Predica, member of the Supervisory Board of Covivio Hotels, are Directors of Covivio and receive remuneration for their office presented in the table in paragraph 5.2.4.2.2.3. 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.

5.2.4.2.2.3 Summary table on the remuneration of the non-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 2021 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 31/12/2021	
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	€2,565,457	€2,165,457
Other remuneration for the office of Director of Covivio	0	0	0	0
Total	**€2,168,376**	**€2,540,376**	**€2,565,457**	**€2,165,457**
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	€1,377,976	€1,080,976
Total	**€1,083,926**	**€1,339,926**	**€1,377,976**	**€1,080,976**
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	€3,900	€3,900
Other remuneration	0	0	0	0
Total	**€3,500**	**€3,500**	**€3,900**	**€3,900**
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	€3,900	€3,900
Other remuneration	0	0	0	0
Total	**€3,500**	**€3,500**	**€3,900**	**€3,900**
Predica, represented by Emmanuel Chabas (1)				
Remuneration (fixed, variable) for the office of member of the Supervisory Board of Covivio Hotels	0	0	€4,100	€4,100
Other remuneration for the office of Director of Covivio	0	0	€46,000	€46,000
Total	**0**	**0**	**€50,100**	**€50,100**

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 31/12/2021 Amounts assigned	Fiscal year ended on 31/12/2021 Amounts paid
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	€3,900	€3,900
Other remuneration for the office of Director of Covivio	€43,000	€43,000	€42,250	€42,250
Total	**€46,500**	**€46,500**	**€46,150**	**€46,150**
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	€5,500	€5,500
Other remuneration	0	0	0	0
Total	**€4,767**	**€4,767**	**€5,500**	**€5,500**
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	€3,900	€3,900
Other remuneration	0	0	0	0
Total	**€3,500**	**€3,500**	**€3,900**	**€3,900**
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	€4,500	€4,500
Other remuneration	0	0	0	0
Total	**€3,800**	**€3,800**	**€4,500**	**€4,500**
Adriana Saitta				
Remuneration (fixed, variable) for the office of member of the Supervisory Board of Covivio Hotels	€1,150 [2]	€1,150 [2]	€3,900 [2]	€3,900 [2]
Other remuneration	0	0	0	0
Total	**€1,150**	**€1,150**	**€3,900**	**€3,900**
Jean Luchet (until 8 April 2021)				
Remuneration (fixed, variable) for the office of member of the Supervisory Board of Covivio Hotels	€3,500 [2]	€3,500 [2]	€1,175 [2]	€1,175 [2]
Other remuneration	0	0	0	0
Total	**€3,500**	**€3,500**	**€1,175**	**€1,175**
TOTAL	**€3,327,444**	**€3,955,444**	**€4,069,158**	**€3,372,158**

(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 tax deductions (single lump-sum tax of 12.8% and social security contributions of 17.2%, for a total deduction of 30%).

5.2.4.3 Remuneration paid and/or awarded by the Company to the Chairman of the Supervisory Board and General Manager (individual ex-post 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 2021 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 7 April 2022 and the unanimous consent of the partners.

5.2.4.3.1 Remuneration paid and/or awarded by the Company to the Chairman of the Supervisory Board for the fiscal year ended 31 December 2021

Pursuant to the fiscal year ending 31 December 2021, 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 7 April 2022 will therefore be requested to formally record this.

5.2.4.3.2 Remuneration paid and/or awarded by the Company to the General Manager for the fiscal year ended 31 December 2021

In accordance with the remuneration policy applicable to the General Manager presented above, a payment was made by the company for the fiscal year ending 31 December 2021 to Covivio Hotels Gestion for its term of office as General Manager exercised within the company, consisting of total fixed remuneration of €1,202,766.19. 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 fiscal year ending 31 December 2021:

- 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.

5.2.5 Special procedures for shareholder participation in General Meetings and summary ofcurrent financial delegations in the area of capital increases

5.2.5.1 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.

5.2.5.2 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 8 April 2021 concerning increases in the share capital:

Delegation granted by the Combined General Meeting of 8 April 2021	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 €53,000,000. (Resolution 19)	26 months until 7 June 2023	None
Authorisation given to the General Manager to issue shares and/or securities convertible to equity, maintaining shareholders' preferential subscription right for a maximum nominal amount of €265,000,000. 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 22 to 25). (Resolution 21)	26 months until 7 June 2023	14 June 2021: capital increase for a nominal amount of €62,375,344
Authorisation given to the General Manager to issue, through a public offer, shares and/or securities convertible to equity, waiver of shareholders' preferential subscription right and, for issues of shares, a mandatory priority period, for a maximum nominal amount of €53,000,000. 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 21). (Resolution 22)	26 months until 7 June 2023	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 subscription right. 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 21). (Resolution 24)	26 months until 7 June 2023	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 subscription right for a maximum nominal amount of €53,000,000. 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 21). (Resolution 25)	26 months until 7 June 2023	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 26)	26 months until 7 June 2023	None

5.2.6 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 the number of registered shares held at that date. 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 share 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:

  None.

- Control mechanism provided for employee shareholders:

  None.

- 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'Équité 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 8 April 2021 relating to capital increases is presented in section 5.2.5.2.

  The Combined General Meeting of 8 April 2021 authorised the General Manager (Resolution 17) to arrange for the Company to buy its own shares: it is proposed that the Combined General Meeting of 7 April 2022 replace this authorisation by a new authorisation to the same effect.

- Agreements entered into by the company that are amended or terminated in the event of a change of control of the company:

  Financing agreements in which Covivio Hotels is a borrower generally have clauses covering changes of control, which is defined as the loss of control of Covivio Hotels by Covivio. These clauses allow the lending institutions to demand repayment of the debt in the event of a change of control.

- Agreements providing for compensation by members of the Supervisory Board or employees in the event of a resignation or dismissal without real and serious cause or if employment terminates due to a public offer:

None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6

Information and management

6.1 General information concerning the issuer and its share capital

6.1.1 General information concerning the issuer

6.1.1.1 Company name (Article 2 of the Articles of Association)

Covivio Hotels

6.1.1.2 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.

6.1.1.3 Registered office (Article 4 of the Articles of Association)

The registered office of the company is located at 30, avenue Kléber, 75116 Paris.

6.1.1.4 Trade and company register

The company is registered in the Paris Trade and Companies Register under number 955 515 895.

Its APE code is 6820B.

The Siret number of the company is 955 515 895 00071.

Its LEI is 969500N2QX5LGFFZ0I67.

6.1.1.5 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 May 2015 (ISIN code: FR0012741072), in September 2018 (ISIN code: FR0013367422) and in July 2021 (ISIN code: FR0014004QI5) are listed for trading on the Euronext Paris market.

6.1.1.6 Nationality

The company is governed by French law.

6.1.1.7 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.

6.1.1.8 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.

6.1.1.9 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 50 00)

On the website: www.Covivio-hotels.fr

On the AMF site: www.amf-france.org

6.1.1.10 Rights of the limited partners

The rights of the limited partner shareholders are governed by common law.

6.1.1.11 Rights and status of the limited partners (Article 18 of the Articles of Association)

The company's sole limited partner, also 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 limited partner is lost in the cases provided for by law.

The limited partner and Manager is definitively and jointly and severally responsible for the company's liabilities.

6.1.1.12 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.

6.1.1.13 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.

6.1.1.14 General Meetings

This information is detailed in the report by the Supervisory Board on corporate governance, Chapter 5.2 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.

6.1.2 General information concerning the capital

6.1.2.1 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, 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, 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.

6.1.2.2 Sale 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.

6.1.2.3 Rights and obligations granted 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 five (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 Compensation". The amount of the Additional Compensation will be paid by each of the Shareholders subject to Withholding proportionately to their respective dividend rights divided by the total dividend rights of the Shareholders subject to Withholding.

The Company will be entitled to offset its claim against any Shareholder subject to Withholding, on the one hand, and the sums to be paid by the Company for its benefit, on the other. Thus, the sums distributed by the company that must, for each share held by said Shareholder subject to Withholding, be paid in its favour pursuant to the aforementioned distribution decision or a share buyback, will be reduced by the amount of the Spanish Levy or Levy due by the company or SOCIMI in respect of the distribution of these sums and/or the Additional Compensation.

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.

6.1.2.4 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 general 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.

6.1.2.5 Financial instruments not representing capital

Nil.

6.1.2.6 Other securities giving access to the share capital

Nil.

6.1.2.7 Authorisation to increase the share capital

The summary of the delegations currently in force granted by the General Meeting of Shareholders of 8 April 2021 concerning increases in the share capital of the company is given in the report by the Supervisory Board on corporate governance in Section 5.2.5.2.

6.1.2.8 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 1.6.4.

6.1.3 Company shareholder structure

The share capital and voting rights over the last three fiscal years is presented in the management report in Section 1.6.2.

6.1.3.1 Information on the main shareholders at 31 December 2021

The main shareholders or group of shareholders are presented in the management report in Section 1.6.

6.1.3.2 Material contracts

During the last two fiscal 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 2021 presented below.

Bond issue 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 seven-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%.

Bond issue of €599 million

In July and October 2021, the Company issued an eight-year bond for €599 million. This issue offers a coupon of 1%.

The principal financial agreements are detailed in the notes to the financial statements presented in Part 4 "Financial Information" of this Universal Registration Document.

6.2 Company overview

6.2.1 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.

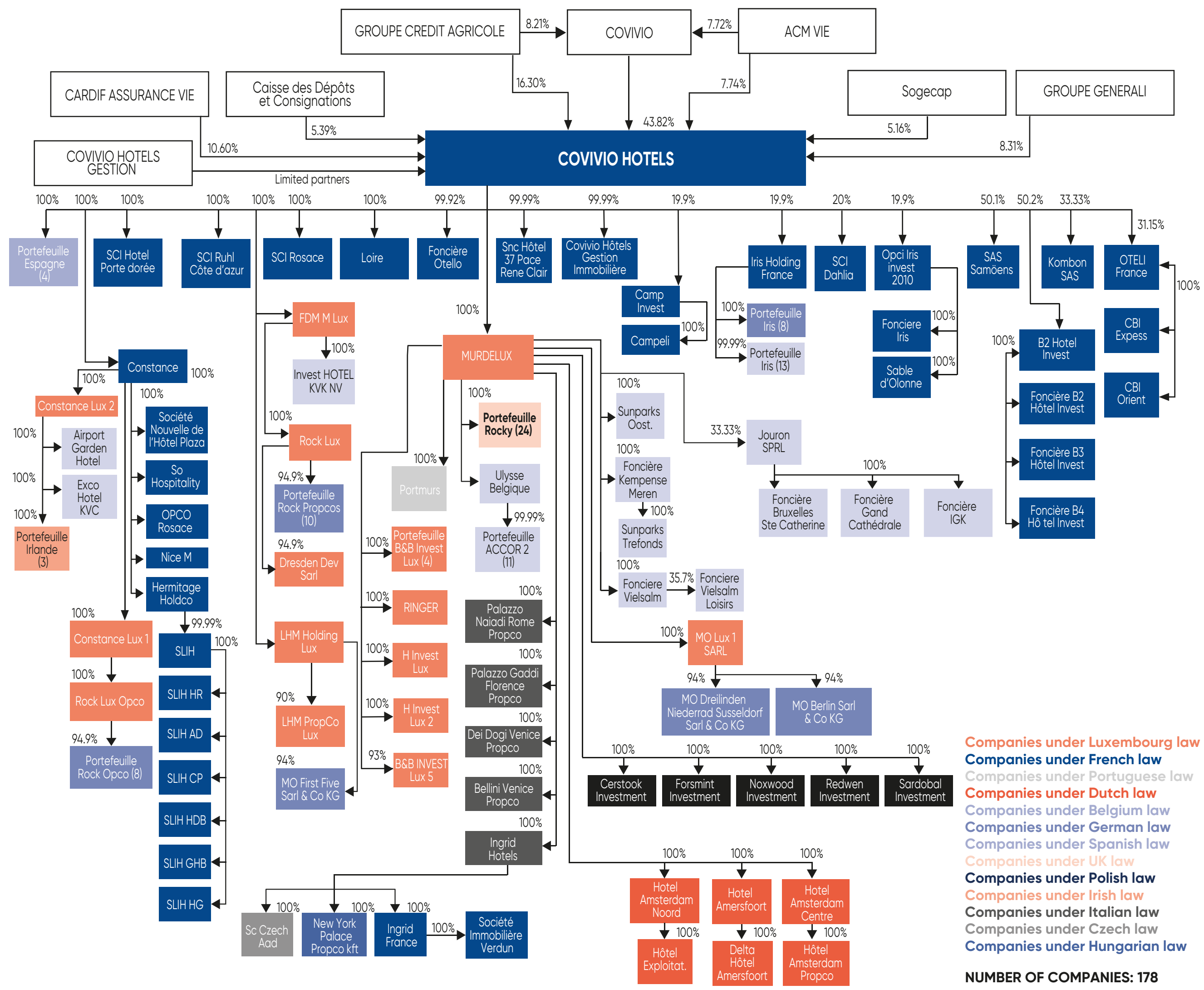
On 30 November 2004, Ferrand et Renaud, now Foncière des Murs, acquired SCI Foncière des Murs. This operation lay within the scope of the project to restructure the company into becoming a REITs specialised in long-term ownership of lease properties in the healthcare and leisure sectors and accommodation 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.

At 31 December 2021, Covivio Hotels held a portfolio of 373 assets (including 325 hotels) with a total appraisal value of €5,942 million excluding transfer taxes, Group share (*i.e.* €6,645 million in total share), divided into France and Europe.

6.2.2 Group organisation chart at 31 December 2021

Details of Covivio Hotels and its subsidiaries at 31 December 2021 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 transactions between related parties are given in 4.2.7.4
- the special report by the Statutory Auditors on the regulated agreements within the company is presented in Chapter 4.7.

Majority shareholder

Covivio holds 43.82% of the share capital of Covivio Hotels. The summary of the distribution of the Covivio share capital at 31 December 2021 is given in detail below:

Name of shareholders	Number of shares	%
Delfin Group	25,765,290	27.22
Covea Group	6,797,240	7.18
Blackrock	6,662,926	7.04
Crédit Agricole Assurances Group	7,750,975	8.19
CM-CIC Group	8,114,538	8.57
BPCE Group	969,128	1.02
BNP Paribas	149,581	0.16
Generali	264,235	0.28
Free float, registered and other bearers	37,814,480	39.95
Treasury shares	360,298	0.38
TOTAL	**94,648,691**	**100.00**

6.3 Administration, Management and Supervisory Board

6.3.1 Management (Article 10 of the Articles of Association)

The company is managed and administered by one or more Managers. The first 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 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 Manager of the company, shall be considered as automatically resigning from the position of 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 Manager was approved by the Supervisory Board.

When the functions of a Manager come to an end, the management is carried out by the remaining Manager or Managers, without prejudice to the right of the general partners to appoint a new Manager as replacement, or to re-appoint the outgoing Manager.

In the event that the functions of the sole Manager are terminated, one or more new Managers will be appointed, or the sole 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 Manager or managers are appointed.

Each 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 Manager may also be dismissed for a legitimate reason by a court decision.

6.3.2 Powers and remuneration of the Manager (Articles 10, 11 and 14 of the Articles of Association)

Powers of the Manager (Articles 10 and 14 of the Articles of Association)

The 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 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 Manager (Article 11 of the Articles of Association)

The 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 Managers, for their term of office, without have been decided beforehand by the Ordinary General Meeting following the unanimous consent of the general partners.

Furthermore, the 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 Manager is given in the Supervisory Board's report on corporate governance.

6.3.3 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 general partners nor a Manager.

The members of the Supervisory Board are appointed or removed by the Ordinary General Meeting 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, 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.

6.3.3.1 Composition of the Supervisory Board of Covivio Hotels

The Supervisory Board is comprised of 13 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.

6.3.3.2 Operation of the Supervisory Board

6.3.3.2.1 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 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 Manager to give guarantees in the company's name.

The Supervisory Board meets at least four times per year, once per quarter, and the 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 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 Manager with the exception of the appointment of the first 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 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 general partner or partners shall appoint a third person. If the Supervisory Board does not give its consent to this new person, his or her appointment shall be submitted to the Ordinary General Meeting, which may only refuse its consent on a two-thirds majority of the shareholders present or represented.

6.3.3.2.2 Board meetings (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 Managers and general partners of the company. The 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.

6.3.3.2.3 Duties of members of the Supervisory Board (Article 1.6 of the Internal Rules)

Details of the duties of the Board members are given in the report by the Supervisory Board on corporate governance in Section 5.2.2.2.6.2.

6.3.3.2.4 Declarations relative to the disclosures required pursuant to 12.1 and 12.2 of the Appendix 1 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 5.2.2.2.3.3. of this Document.

6.3.3.2.5 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.

6.3.3.2.6 Exceptional events and litigation

To the best of our knowledge, there were no governmental, judicial or arbitration proceedings during the last 12 months with significant effect on the financial position or the profitability of Covivio Hotels and its subsidiaries.

6.3.4 Statutory Auditors

6.3.4.1 Statutory Auditors

	Statutory Auditors	Date of appointment	Expiry of term of office
Principal	**Cabinet Mazars** Tour Exaltis 61, rue Henri Regnault 92400 COURBEVOIE	30 November 2004 Renewed on 8 April 2010 and on 8 April 2016	OGM ruling on the annual financial statements closed at 31 December 2021
	Ernst & Young et Autres 1/2 Place des Saisons Paris – La Défense 1 92400 COURBEVOIE	11 April 2013 Renewed on 5 April 2019	OGM ruling on the annual financial statements closed at 31 December 2024
Alternates	**Cyrille Brouard** Tour Exaltis 61, rue Henri Regnault 92400 COURBEVOIE	6 April 2005 Renewed on 8 April 2010 and on 8 April 2016	OGM ruling on the annual financial statements closed at 31 December 2021

6.3.4.2 Remuneration of the Statutory Auditors

The remuneration of the Statutory Auditors is presented in Section 4.2.7.6 of the notes to the consolidated financial statements.

6.4 Person responsible for the document

6.4.1 Person responsible for the document

Tugdual MILLET-TAUNAY

Chairman of Covivio Hotels Gestion

Managing partner

6.4.2 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, 14 March 2022

Tugdual MILLET-TAUNAY

Chairman of Covivio Hotels Gestion

Managing partner

Person responsible of the financial information

6.4.3 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 and annual financial statements for the fiscal year ended 31 December 2020 as well as the corresponding reports by the Statutory Auditors on page 79 to 168 of the 2020 Registration Document filed with the AMF on 15 March 2021 under No. D.21-0123
- the consolidated and annual financial statements 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 and annual financial statements 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 French Financial Markets Authority (Autorité des Marchés Financiers - AMF).

6.5 Annual information document (Article 221–1-1 of the AMF General Regulation)

6.5.1 Communication on the basis of regulatory information published on the AMF website and on the Covivio Hotels website

12 January 2021	Liquidity agreement half-year statement at 31 December 2020
12 February 2021	2020 annual results
15 March 2021	2020 Universal Registration Document
15 March 2021	Terms and conditions of the 2020 Universal Registration Document
16 March 2021	Notice of the Covivio Hotels Combined General Meeting of 8 April 2021
16 March 2021	Procedures for convening the AGM of 8 April 2021
22 March 2021	Procedures for making the preparatory documents available to the AGM of 8 April 2021
29 March 2021	Terms of participation in the AGM of 8 April 2021 and composition of the Board
8 April 2021	Description of the 2021 share buyback programme
20 April 2021	Activity at end-March 2021
20 April 2021	Appointments within the management of Covivio Hotels
27 April 2021	Covivio Hotels plans a capital increase of around €250 million
20 May 2021	Amendment to the 2020 Universal Registration Document
20 May 2021	Launch of a capital increase of approximately €250 million
10 June 2021	Success of the €250 million capital increase
14 June 2021	Publication of information on the total number of voting rights and shares making up the share capital
12 July 2021	Liquidity agreement half-year statement at 30 June 2021
15 July 2021	2021 half-year results
20 July 2021	Successful placement of €500 million in 8-year bonds at 1.0%
3 September 2021	2021 Half-year financial report
21 October 2021	Activity at end-September 2021: recovery confirmed
12 January 2022	Liquidity agreement half-year statement at 31 December 2021
21 February 2022	2021 annual results

6.5.2 Publications in the BALO (Bulletin des Annonces Légales Obligatoires)

1 March 2021	Publication of the meeting notice for the Combined General Meeting on 08/04/2021
22 March 2021	Publication of the notice of meeting for the Combined General Meeting on 08/04/2021
23 April 2021	Publication of the final financial statements at 31/12/2020

6.6 Summary appraisers' report

Tugdual Millet-Taunay

Covivio Hotels 10, avenue Kléber 75116 Paris

Paris, 23 February 2022

Dear Sir,

We have the honour of attaching herewith our summary report on the appraisal of the fair value of the Covivio Hotels assets as at 31 December 2021.

6.6.1 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. It should be noted that, exceptionally, for the sake of simplification and taking into account the negotiations with the tenant of the portfolio of 12 assets in the United Kingdom, Covivio Hotels decided, in agreement with its Statutory Auditors, to postpone, to 30 June 2022, the rotation of the appraisers which would normally have been carried out at 31 December 2021 for 9 of the 12 assets.

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 238 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 2021.

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.

6.6.2 Engagement conditions

Documents examined

This assignment was conducted on the basis of the documents and information provided during the month of October 2021 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 the assets comprising the various portfolios, which are investment properties, we have used the capitalisation of gross income method and the discounted cash flow method.

6.6.3 Comprehensive fair value

Covivio Hotels owns 373 assets (including 325 hotels). 364 assets are recognised at appraisal value and 9 assets are valued at the promise value.

6.6.3.1 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%: €466,350,000 excluding expenses and duties.

All of the assets were the subject of document-based update and were valued as at 31 December 2021.

Of the 68 assets, 65 are held in full ownership and 3 *via* special leases (BAC, AOT, etc.).

Presentation of the appraisal values per class of assets:

Sectoral breakdown	Valuation	Number of assets
AccorInvest assets	206,800,000	17
Operating properties assets	201,100,000	8
Retail premises assets	58,450,000	43
TOTAL	**466,350,000**	**68**

6.6.3.2 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%: €1,014,480,000 excluding expenses and duties.

All of the assets were the subject of document-based update and were valued as at 31 December 2021.

Of the 19 assets appraised, 16 are held in full ownership and 3 *via* special leases (BAC, AOT, etc.).

Presentation of the appraisal values per class of assets:

Sectoral breakdown	Valuation	Number of assets
AccorInvest assets	217,220,000	4
B&B assets	23,760,000	3
Meininger assets	63,020,000	1
Motel One assets	51,600,000	1
Assets in Spain	491,480,000	7
NH assets	61,340,000	1
Leisure assets	106,060,000	2
TOTAL	**1,014,480,000**	**19**

6.6.3.3 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%: €1,010,960,000 excluding expenses and duties.

All of the assets were valued as at 31 December 2021. Three Accor assets were visited on 3 November 2021 (Ibis Camrbonne) and 4 November 2021 (Mercure Tour Eiffel and Ibis Styles Bercy). The other assets were discounted on a document basis.

Of the 69 assets appraised, 59 are held in full ownership and 10 *via* special leases (BAC, AOT, etc.).

Presentation of the appraisal values per class of assets:

Sectoral breakdown	Valuation	Number of assets
AccorInvest assets	490,700 00	36
B&B assets	134,960,000	14
NH Hotel Group assets	144,200,000	7
Spain assets	124,900,000	9
Motel One assets	53,900,000	2
Operating properties assets	62,300,000	1
TOTAL	**1,010,960,000**	**69**

6.6.3.4 Fair value appraised by HVS

The comprehensive fair value corresponds to the sum of the unit values each of asset.

Fair value at 100%: €785,247,260 excluding fees and transfer duties (valuation in British pounds converted at the rate of €1.1851).

All of the assets were the subject of document-based update and were valued as at 31 December 2021.

Of the 23 assets appraised, 3 are held in full ownership (freehold) and 9 *via* special leases (leasehold).

Presentation of the appraisal values per class of assets:

Sectoral breakdown	Valuation	Number of assets
UK assets	785,247,260	12
TOTAL	**785,247,260**	**12**

6.6.3.5 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%: €2,210,207,121 excluding expenses and duties.

All of the assets were valued as at 31 December 2021. 26 assets of the Oteli portfolio (AccorInvest) were visited in H2 2021. Also, four B&B assets in Spain were visited on 26 October 2021, 28 October 2021 (two assets) and 5 November 2021. Finally, Club Med Da Balaia was visited on 18 November 2021. The other assets were discounted on a document basis.

Of the 152 assets appraised, 141 are held in full ownership and 11 *via* special leases (BAC, AOT, etc.).

Presentation of the appraisal values per class of assets:

Sectoral breakdown	Valuation	Number of assets
AccorInvest assets	713,537,121	45
B&B assets	514,890,000	96
Operating properties assets	880,744,000	9
Leisure assets	80,500,000	1
MEININGER assets	20,536,000	1
TOTAL	**2,210,207,121**	**152**

6.6.3.6 Fair value appraised by MKG

The comprehensive fair value corresponds to the sum of the unit values each of asset.

Fair value in 100%: €994,833,301 excluding costs and transfer taxes (value of Hungarian assets converted at the rate of €0.00271 and of Czech assets at the rate of €0.040225).

All of the assets were the subject of document-based update and were valued as at 31 December 2021.

Of the 44 assets appraised, 36 are held in full ownership and 8 *via* special leases (BAC, AOT, etc.).

Presentation of the appraisal values per class of assets:

Sectoral breakdown	Valuation	Number of assets
B&B assets	219,528,139	31
MEININGER assets	48,462,411	1
NH assets	656,000,013	10
Operating properties assets	70,842,739	2
TOTAL	**994,833,301**	**44**

6.6.3.7 Summary by appraiser and reconciliation with the consolidated financial statements

The financial communications portfolio of Covivo Hotels therefore amounts to €5,942 million in Group Share. A reconciliation table between this amount and the IFRS consolidated financial statements can be found in Section 1.4 of this URD.

The German land line corresponds to two sites located in Leipzig and Dresden and 94.9% owned by Covivio Hotels. These sites are appraised by a local team from BNP Paribas Real Estate in Germany.

Appraisers	100% valuation	Group share valuation	Number of assets
BPCE	466,350,000	466,350,000	68
BNP	1,014,480,000	1,014,480,000	19
CUSHMAN	1,010,960,000	1,001,085,800	69
HVS	785,247,260	785,247,260	12
CBRE	2,210,207,121	1,592,730,518	152
MKG	994,833,301	987,840,061	44
Total	**6,482,077,682**	**5,847,733,639**	**364**
Assets under promise	144,741,500	76,550,283	9
German land	18,600,000	17,651,400	0
TOTAL	**6,645,419,182**	**5,941,935,322**	**373**

6.6.4 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

Motel One Paris Porte Dorée
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37.1%

LTV at the end of December 2021.

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.
8.4	Restriction on the use of funding	N/A
8.5	Financing sources needed to fulfil commitments relating to investment decisions	§4.2.5.12 p.107
9.	**Regulatory framework**	**§2.1 p.58**
10.	**Information on trends**	
10.1	Main trends	§1.1 p.6; §1.8.6 p.48
10.2	Events that may influence trends	§1.2.1 p.6; §4.2.5 p.98; §1.5.1 p.31 p.31
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	§5.2.1 p.193; §5.2.4 p.232
12.2	Administrative, management and supervisory bodies and senior management conflicts of interest	§5.2.2.2.5.2 p.226; §6.3.3.2.5 p.255
13.	**Remuneration and benefits**	
13.1	Amount of remuneration paid and benefits in kind	§5.2.4.1 p.232; §5.2.4.2 p.233; §1.6.7 p.44 ; §6.3.2 p.253
13.2	Total amount provisioned or recognised for pension payments retirement schemes and other benefits	§4.2.5.13 p.112; §4.5.3.4.2 p.149
14.	**Operation of the administrative and management bodies**	
14.1	Date of expiration of current term of office	§5.2.2.1 p.198
14.2	Information on service agreements binding the members of the administrative bodies to the issuer or any of its subsidiaries	§1.8.7 p.48; §4.5.6.3 p.162
14.3	Information about the issuer's Audit Committee and Remuneration Committee	§5.2.3.1 p.230
14.4	Issuer's compliance with the current applicable corporate governance system	§5.2 p.192
14.5	Changes liable to affect corporate governance	§5.2.2.1 p.198
15.	**Employees**	
15.1	Number of employees at period-end covered by the historical financial information	§4.2.7.1 p.119; §4.5.6.1 p.162
15.2	Profit-sharing and stock options	§1.6.6 p.44
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	§1.6.2 p.41
16.2	Existence of different voting rights	§1.6.2 p.41
16.3	Control of the issuer	§1.6.2 p.41
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**	**§1.8.7 p.48; §4.2.7.4 p.125**
18.	**Financial information concerning the issuer's portfolio, financial position and results**	
18.1	Historical financial information	§1.5.2.6 p.39; §6.4.3 p.256
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	§1.7.2 p.46; §1.5.2.5 p.38
18.6	Arbitration and judicial proceedings	§6.3.3.2.4 p.255; §6.3.3.2.6 p.255
18.7	Significant change in the financial or commercial position	N/A
19.	**Additional information**	
19.1	Share capital	§6.1.2 p.247
19.2	Corporate charter and Articles of Association	§6.1.1 p.246; §6.1.2 p.247
20.	**Significant agreements**	**§1.2.2.3 to 1.2.2.5 p.16; §1.2.3.3 p.19; §6.1.3.2 p.249**
21.	**Documents accessible to the public**	**§6.5 p.257**

Table of concordance with the annual financial report

Table of concordance with report of Annual General Meeting

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