

## 2020 half-year results:

### Covivio Hotels activity impacted by an unprecedented crisis

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#### An unprecedented crisis for the hotel industry

The hotel industry has been heavily affected by the global health crisis that has swept Europe since the end of the first quarter of 2020. Lockdowns and travel restrictions have forced operators to close most of their hotels. In Europe, RevPar<sup>1</sup> fell by 57% as a result of hotel closures since the start of the year (with the drop reaching 95% between April and May).

The hotels owned by Covivio Hotels were among those affected. At the peak of the crisis, only 22% of Covivio's hotels<sup>2</sup> were open. As lockdown rules have been eased in each country, hotels are gradually reopening. The United Kingdom is the latest country to allow the reopening of hotels, following three months of closure. At 30 June 2020, 65% of hotel assets were open, but occupancy rates remained limited (10% to 20%), pending an expected improvement from July onwards with in particular the reopening of the Schengen travel area.

#### Strong partnerships with hotel operators

Covivio Hotels, a long-standing partner of the leading hotel operators, has been working to implement solutions to help them through this crisis. Agreements reached with eight tenants (AccorInvest, B&B, NH Hotels, Barcelo, Motel One, Meininger, Melia Hotels International, HCI), covering 66% of the leased portfolio, have eased difficulties and helped protect operators' cash flow (rent-free periods or payment facilities), while extending the firm duration of their commitments. Covivio Hotels has thus extended the firm duration of its leases by 1.2 years, reaching 14.4 years at the end of June 2020.

#### A unique portfolio in Europe

Covivio Hotels holds a portfolio worth €5,676 million (€6,379 million at 100%) at the end of June, 87% located in major European cities and let to leading industry operators. The quality of the locations, solid operational fundamentals and, for the most part, reasonable rent coverage ratios (1.8 at the end of 2019<sup>3</sup>) make these hotels strategic assets.

Thanks to these strong fundamentals and to the rental agreements that have been secured, appraisal values for the hotel portfolio were holding up reasonably well at the end of June, with a 3.1% decrease on a like-for-like basis.

The largest decreases came from portfolio assets for which results were the most impacted by the crisis: hotels in the United Kingdom (down 7.6%), AccorInvest variable-rent assets (down 3.3%) and hotel

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<sup>1</sup> Revenue per room; source: MKG to the end of May 2020

<sup>2</sup> Hotel capacity by number of rooms

<sup>3</sup> Ratio excludes the United Kingdom portfolio, which underwent a change on operator and brand in 2019

*Limited review procedures were carried out on the half-year financial statements. The Statutory Auditors' report on the half-year financial information is being prepared. Investment data are presented including duties Disinvestment data are presented excluding duties.*

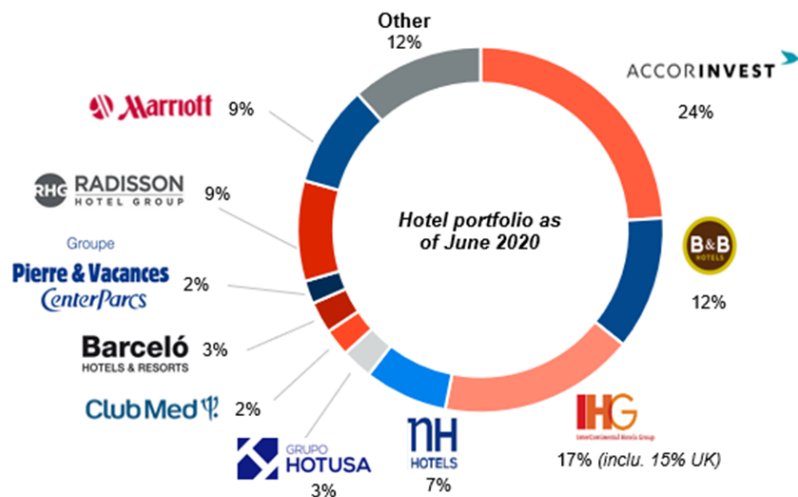
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operating properties (down 3.4%). In contrast, the value of fixed-rent assets for which agreements had been signed remained stable, falling by only 0.8%.

Group share (€ million, excluding duties)	Value 2019	Value H1 2020	LfL <sup>1</sup> change
Hotel lease properties	4 566	4 302	-3,0%
Hotel operating properties	1 240	1 214	-3,4%
<b>Total Hotels</b>	<b>5 807</b>	<b>5 515</b>	<b>-3,1%</b>
Non-strategic (Retail)	166	161	-3,3%
<b>Total Covivio Hotels</b>	<b>5 973</b>	<b>5 676</b>	<b>-3,1%</b>

<sup>1</sup>LfL : Like-for-Like

**Portfolio breakdown as of June 30<sup>th</sup>, 2020**



**A solid financial structure**

In the first half of 2020, Covivio Hotels strengthened its balance sheet thanks to a €185 million capital increase via a share dividend pay-out chosen by 98.6% of the share capital.

This choice by shareholders secured cash, notably in view of the acquisition for €573 million of the pan-European portfolio of eight high-end hotels, located in Nice, Rome, Florence, Venice, Prague and Budapest, initially planned for the end of April 2020, and delayed until September 2020. Further, in the 2<sup>nd</sup> quarter, Covivio Hotels secured corporate credit lines worth €250 million to complete the financing for this acquisition.

During this half-year, Covivio Hotels sold €111 million of assets and signed new sale agreements worth €82 million at 4% above appraisal values end of December 2019.

At the end of June 2020, the Loan To Value (LTV) ratio including duties was 35.6% (34.9% at the end of 2019) and the ICR ratio was 2.63 (compared with 5.10 at the end of 2019), impacted by the drop in income caused by this year's events. The average maturity of Covivio Hotels' debt is 4.9 years; none of it is due to mature in the next 12 months.

## Revenues at the end of June heavily impacted by the crisis

In the first half of 2020, Covivio Hotels' income fell of 49.8%, standing at €71.7 million compared to €142.8 million at 30 June 2019.

€ million	Income	Income	Income	Income	Change	Change
	H1 2019	H1 2019	H1 2020	H1 2020	Group Share	Group Share LFL
	100%	Group Share	100%	Group Share	(%)	(%) (*)
Hotel Lease properties (Variable rents)	29.5	29.5	9.7	9.7	-67.1 %	-67.2%
Hotel Lease properties (Rents) - UK	22.1	22.1	0.0	0.0	-100.0%	-100.0%
Hotel Lease properties (Others)	66.1	54.8	60.1	52.7	-3.9%	-1.9%
Hotel Operating properties (EBITDA)	31.2	30.1	3.3	3.2	-89.3%	-78.0%
<b>Total Hotel Revenues</b>	<b>148.9</b>	<b>136.5</b>	<b>73.1</b>	<b>65.6</b>	<b>-52.0%</b>	<b>-50.5%</b>
Non-strategic (Retail)	6.3	6.3	6.1	6.1	-3.3%	-3.2%
<b>Total revenues Covivio Hotels</b>	<b>155.2</b>	<b>142.8</b>	<b>79.2</b>	<b>71.7</b>	<b>-49.8%</b>	<b>-48.3%</b>

(\*) On a like for like basis

### **Hotel lease properties (78% of the portfolio)**

- Variable-rent hotels: the portfolio, most of which is let to AccorInvest (24% of the total portfolio), in France and Belgium, and made up of economic (Ibis) and midscale (Novotel, Mercure) hotels, was largely closed from mid-March to the end of May.

With rents fully indexed to revenues, this portfolio brought in income of €9.7 million, down 66% compared to half-year 2019.

- Hotels in the United Kingdom let to IHG (15% of the portfolio)

Hotels in the United Kingdom were directly impacted by government administrative closure from 25 March to 4 July for England, and to 15 July for Scotland. Only 4 out of 12 hotels are planning to reopen in July, with the rest due to open in September at the earliest. These exceptional events and major loss in turnover for the hotels should trigger an underperformance (MAC) clause included in this contract. This clause reduces the rent when the loss of the NOI of the hotels is higher than 1/3 of the annual rent. Notwithstanding €10 million of rents received in Q1 and considering the performances expectations of this portfolio, Covivio Hotels has decided not to account any rent on this portfolio as of end-June 2020.

- Other hotel lease properties (39% of the portfolio): fixed-rent hotel real estate let to B&B, NH Hotels, Motel One, Barcelo, Hotusa, etc. on long leases. The agreements secured with tenants have limited the drop in income to only €0.4 million over the half-year. The residual decrease on a like-for-like basis is due to a transition period between two tenants in relation to a hotel in Madrid.

### **Hotel operating properties (22% of the portfolio)**

Most of these hotels are located in Germany (mainly Berlin) and northern France. Most of them have also been closed and their performance are down 78% versus 2019. Although the hotels in Germany were the first to reopen, they currently have low occupancy rates, of around 20%.

## Financial indicators at the end of June 2020

The EPRA NAV stood at €3,607 million, down 5.5% over six months, in response to the drop in appraisal values, and €27.2/share, down 13.7% over 6 months, due to the dividend being paid in shares. The EPRA Triple Net NAV was €3,202 million and €24.2/share.

EPRA Earnings were €32.3 million (compared with €101.2 million to 30 June 2019), a 68.1% fall, in response to reduced income as a result of hotel closures. EPRA Earnings per share were €0.26 at 30 June 2020, compared to €0.85 on the same date in 2019.

## 2020 Outlook

In the short term, there remains a high level of uncertainty around the recovery of the hotel industry. Covivio Hotels does not therefore anticipate any improvement in its results in the second half. In the medium term, and once recovery of the hotel industry is underway, Covivio Hotels will be able to rely on the quality and diversity of its let portfolio, operated by leading European and international operators, to bring about long-term growth in its results.



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## ABOUT COVIVIO HOTELS

Covivio Hotels specialises in holding lease properties in the hotel industry. Société d'Investissements Immobiliers Cotée (SIIC), real estate partner of leading hotel industry operators, Covivio Hotels holds a portfolio worth €6.4 billion (at the end of June 2020).

Covivio Hotels is rated BBB+/Stable outlook by Standard and Poor's.



## ABOUT COVIVIO

Thanks to its partnering history, its real estate expertise and its European culture, Covivio is inventing today's user experience and designing tomorrow's city.

A preferred real estate player at the European level, Covivio is close to its end users, capturing their aspirations, combining work, travel, living, and co-inventing vibrant spaces.

A benchmark in the European real estate market with a portfolio of €24 billion, Covivio offers support to companies, hotel brands and territories in their pursuit for attractiveness, transformation and responsible overall stock.

Covivio's mission is accordingly to create well-being and lasting relationships, and the Company embodies its role as a responsible real estate operator with all its stakeholders: customers, shareholders and financial partners, internal teams, local authorities, future generations, etc. Further, its living, dynamic approach opens up exciting project and career prospects for its teams.

## Appendices:

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

Covivio Hotels owns a high-quality portfolio worth €6.4 billion (€5.7 billion in Group share) and focused on major European cities let or operated by 15 major hotel operators such as AccorInvest, B&B, IHG, NH Hotels, etc. This portfolio offers geographic and tenant diversification (across 9 Western European countries; 15 hotel operators/partners) and asset management possibilities via different ownership methods (hotel lease and hotel operating properties).

Assets not wholly owned by Covivio Hotels include:

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

## 1. Recognised revenues: -48% on a like-for-like basis

€million	Income H1 2019 100%	Income H1 2019 Group share	Income H1 2020 100%	Income H1 2020 Group share	Change (%) Group share	Change Group share (%) LfL <sup>1</sup>
Hotel Lease properties (Variable rents)	29,5	29,5	9,7	9,7	-67%	-67%
Hotel Lease properties (Rents) - UK	22,1	22,1	0,0	0,0	-100%	-100%
Hotel Lease properties - Others	66,1	54,8	60,1	52,7	-4%	-2%
Hotel Operating properties (EBITDA)	31,2	30,1	3,3	3,2	-89%	-78%
<b>Total revenues Hotels</b>	<b>148,9</b>	<b>136,5</b>	<b>73,1</b>	<b>65,6</b>	<b>-52%</b>	<b>-51%</b>
Non-strategic (Retail)	6,3	6,3	6,1	6,1	-3%	-3%
<b>Total</b>	<b>155,2</b>	<b>142,8</b>	<b>79,2</b>	<b>71,7</b>	<b>-50%</b>	<b>-48%</b>

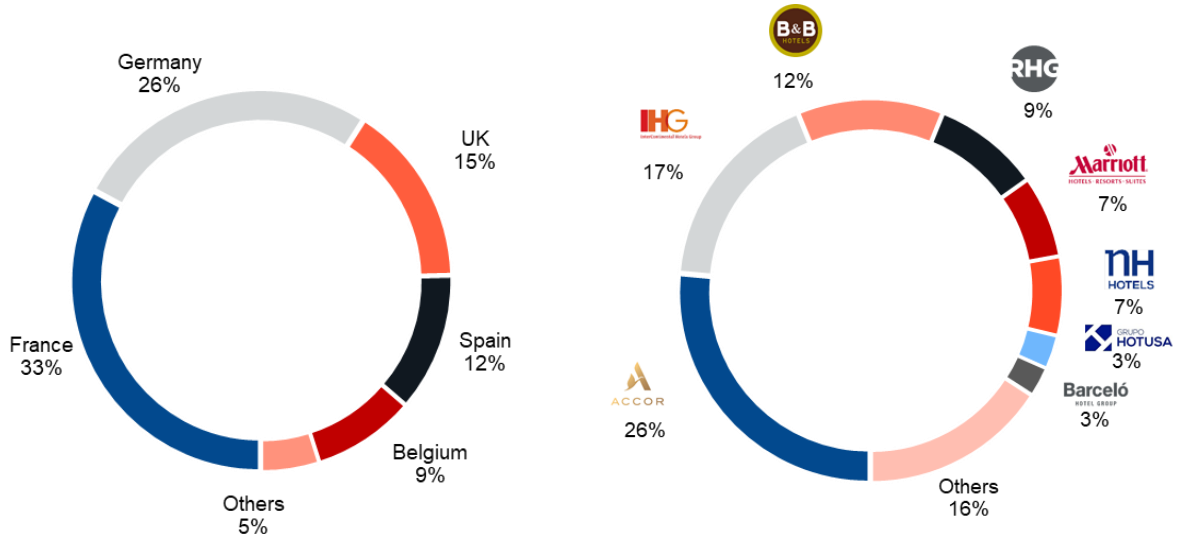
<sup>1</sup>LfL : Like-for-Like

Hotel revenue decreases by €70.9 million Group share compared to 2019, due to:

- ▶ **Leased hotels:** see explanations above.
- ▶ **Operating hotels:** LfL evolution of -78% (see explanations above). The first semester also includes a €7.5 million reversal of provisions made on past accounting periods given the signature of an amendment to the management contract of the Pullman Roissy Airport hotel.
- ▶ **Disposals**, both in 2019 and 2020, including the B&B Portfolio in France (€-3.8 million) and in Germany (€-1.0 million)
- ▶ **Acquisition** in 2019 of B&B hotels in Poland (+€0.7 million)
- ▶ **Delivery** of 2 Meininger hotels in France (+€2.0 million) and one in Germany (+€0.4 million).

## 2. Annualised revenue

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



## 3. Indexation

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

## 4. Lease expiries: 14.4 years of firm residual lease term

14.4  
years

(€million, Group share)	By lease end date (1 <sup>st</sup> break)	% of total	By lease end date	% of total
2020	0,0	0%	0,0	0%
2021	3,3	2%	0,0	0%
2022	5,5	3%	0,0	0%
2023	10,9	5%	5,1	2%
2024	2,2	1%	1,3	1%
2025	4,7	2%	5,5	3%
2026	0,0	0%	0,0	0%
2027	2,1	1%	2,1	1%
2028	0,0	0%	0,0	0%
2029	31,8	15%	34,0	16%
Beyond	154,0	72%	166,4	78%
<b>Total leased hotels</b>	<b>214,4</b>	<b>100%</b>	<b>214,4</b>	<b>100%</b>

The firm lease duration reached a record high at 14.4 years (+0.7 years vs end-2019), thanks to agreements reached with 8 hotel tenants including lease extension of 3.9 years on average on these portfolios (AccorInvest, B&B, NH, Barcelo, MotelOne, Meininger, Melia, HCI).

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

## 5. Reserves for unpaid rent

At the end of the 1st semester 2020, a provision of € 1.5 million has been booked for doubtful rents.

## 6. Disposals and disposal agreements: €82M of new commitments

(€million)	Disposals (agreements as of end of 2019 closed)	Agreements as of end of 2019 to close	New disposals H1 2020	New agreements H1 2020	Total H1 2020	Margin vs 2019 value	Yield	Total Realised Disposals
	1		2	3	2+3			= 1 + 2
Hotel Lease properties	120	13	-	24	24	15,6%	6,5%	120
Hotel Operating properties	-	-	-	-	0	-	-	0
<b>Total Hotels - 100%</b>	<b>120</b>	<b>13</b>	<b>0</b>	<b>24</b>	<b>24</b>	<b>15,6%</b>	<b>6,5%</b>	<b>120</b>
<b>Total Hotels - Group share</b>	<b>110</b>	<b>13</b>	<b>0</b>	<b>24</b>	<b>24</b>	<b>15,6%</b>	<b>6,5%</b>	<b>110</b>
Non-strategic (retail) - 100%	1	-	-	58	58	-0,2%	6,8%	1
Non-strategic (retail) - Group share	1	-	-	58	58	-0,2%	6,8%	1
<b>Total - 100%</b>	<b>121</b>	<b>13</b>	<b>0</b>	<b>82</b>	<b>82</b>	<b>4,0%</b>	<b>6,7%</b>	<b>121</b>
<b>Total - Group share</b>	<b>111</b>	<b>13</b>	<b>0</b>	<b>82</b>	<b>82</b>	<b>4,0%</b>	<b>6,7%</b>	<b>111</b>

Covivio Hotels continued its policy of rotating assets with €82 million of new commitments in the first half of 2020, with an average margin of 4% on last appraisal values.

Covivio Hotels secured the disposal of one non-core hotel located in Spain for €22 million and a 6.4% yield. This disposal confirms Covivio Hotels strategy to focus on large European cities and streamline its portfolio. The effective transfer of asset is expected in 2021.

In addition, Covivio Hotels secured the sale of 14 non-core retail assets in France for €58 million. The effective transfer of these assets is expected in H2 2020.

Finally, €120 million (€110 million Group share) of B&B hotels disposals signed in 2019 were realised during the first half-year. The latter mainly consists of 11 B&B hotels in Germany, sold at a yield of 4.2% and with a 39% margin.

## 7. Acquisitions: €573 M secured for 2020

No acquisition was realized during the first half of 2020.

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

## 8. Development project

Covivio Hotels continues to support the development of B&B, with one more hotel in construction in Greater Paris (Bagnolet), with 108 rooms for a total cost of €8 million (€4 million Group share). The asset is scheduled to be delivered in September 2020.

## 9. Portfolio values

### 9.1. Change in portfolio values

(€million, Excluding Duties, Group share)	Value 2019	Acquis.	Invest.	Disposals	Change in value	Others	Value H1 2020
Hotels - Lease properties	4 561	-	5	-110	-132	-28	4 297
Hotels - Operating properties	1240	-	15	-	-42	-	1 214
Assets under development	5	-	-	-	0	-	5
<b>Total Hotels</b>	<b>5 807</b>	<b>-</b>	<b>21</b>	<b>-110</b>	<b>-174</b>	<b>-28</b>	<b>5 515</b>
Non-strategic (Retail)	166	-	0	-1	-6	1	161
<b>Total</b>	<b>5 973</b>	<b>-</b>	<b>21</b>	<b>-111</b>	<b>-180</b>	<b>-28</b>	<b>5 676</b>

At the end of June 2020, the portfolio reached €5.7 billion Group share, down by €297 million compared to year end 2019, mainly due to the like-for-like value impact (-€180 m) and of the disposals of the B&B hotels (-€110 m).



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**9.2. Change on like-for-like basis:**

-3.1%

(€million, Excluding Duties)	Value 2019 100%	Value 2019 Group share	Value H1 2020 100%	Value H1 2020 Group share	LfL <sup>1</sup> change	Yield <sup>2</sup> 2019	Yield <sup>3</sup> H1 2020	% of total value
<b>France</b>	<b>2 299</b>	<b>1 676</b>	<b>2 253</b>	<b>1 638</b>	<b>- 2,6%</b>	<b>4,9%</b>	<b>4,9%</b>	<b>30%</b>
Paris	876	737	857	720				13%
Greater Paris (excl. Paris)	520	322	508	313				6%
Major regional cities	542	396	535	389				7%
Other cities	360	222	353	216				4%
<b>Germany</b>	<b>755</b>	<b>731</b>	<b>640</b>	<b>624</b>	<b>- 0,9%</b>	<b>4,7%</b>	<b>4,8%</b>	<b>11%</b>
Frankfurt	75	73	74	71				1%
Munich	73	71	49	49				1%
Berlin	73	70	73	70				1%
Other cities	534	516	445	434				8%
<b>Belgium</b>	<b>296</b>	<b>269</b>	<b>292</b>	<b>264</b>	<b>- 2,3%</b>	<b>5,8%</b>	<b>6,0%</b>	<b>5%</b>
Brussels	103	84	101	82				1%
Other cities	193	185	191	183				3%
<b>Spain</b>	<b>668</b>	<b>668</b>	<b>664</b>	<b>664</b>	<b>- 0,8%</b>	<b>5,1%</b>	<b>5,1%</b>	<b>12%</b>
Madrid	285	285	283	283				5%
Barcelona	239	239	237	237				4%
Other cities	145	145	144	144				3%
<b>UK</b>	<b>966</b>	<b>966</b>	<b>853</b>	<b>853</b>	<b>- 7,6%</b>	<b>4,9%</b>	<b>5,3%</b>	<b>15%</b>
<b>Other countries</b>	<b>257</b>	<b>257</b>	<b>259</b>	<b>259</b>	<b>- 0,3%</b>	<b>5,3%</b>	<b>5,5%</b>	<b>5%</b>
<b>Total Hotel lease properties</b>	<b>5 241</b>	<b>4 566</b>	<b>4 960</b>	<b>4 302</b>	<b>- 3,0%</b>	<b>5,0%</b>	<b>5,1%</b>	<b>78%</b>
<b>France</b>	<b>273</b>	<b>273</b>	<b>264</b>	<b>264</b>	<b>- 4,7%</b>	<b>5,3%</b>	<b>5,7%</b>	<b>5%</b>
Lille	116	116	112	112				2%
Other cities	157	157	152	152				3%
<b>Germany<sup>4</sup></b>	<b>882</b>	<b>837</b>	<b>869</b>	<b>825</b>	<b>- 2,8%</b>	<b>6,2%</b>	<b>6,5%</b>	<b>15%</b>
Berlin	612	581	607	576				10%
Dresden & Leipzig	217	206	208	197				4%
Other cities	53	50	54	51				1%
<b>Other countries</b>	<b>131</b>	<b>131</b>	<b>125</b>	<b>125</b>	<b>- 4,1%</b>	<b>6,8%</b>	<b>7,0%</b>	<b>2%</b>
<b>Total Hotel Operating properties</b>	<b>1 285</b>	<b>1 240</b>	<b>1 258</b>	<b>1 214</b>	<b>- 3,4%</b>	<b>6,1%</b>	<b>6,2%</b>	<b>22%</b>
<b>Total Hotels</b>	<b>6 526</b>	<b>5 807</b>	<b>6 218</b>	<b>5 515</b>	<b>- 3,1%</b>	<b>5,2%</b>	<b>5,3%</b>	<b>100%</b>
<b>Non-strategic (Retail)</b>	<b>166</b>	<b>166</b>	<b>161</b>	<b>161</b>	<b>- 3,3%</b>	<b>7,3%</b>	<b>7,7%</b>	<b>-</b>

<sup>1</sup>LfL : Like-for-Like

<sup>2</sup>Yield excluding assets under development ; EBIDTA yield for hotel operating properties

<sup>3</sup>Yields calculated on 2019 revenues

<sup>4</sup>Yields excluding retail surfaces in the German hotels

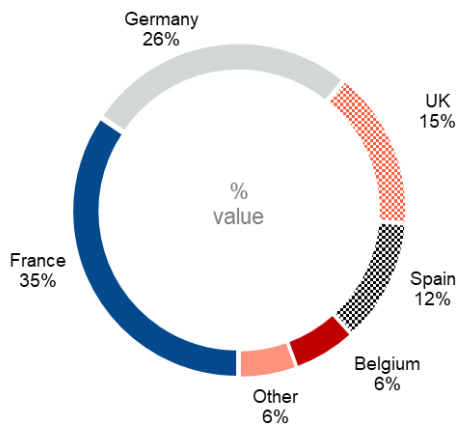
At the end of June 2020, Covivio Hotels held a unique portfolio of €5,676 million (€6,379 million at 100%) in Europe. This strategic portfolio is characterised by:

- High-quality locations: 87% in the centre of major European cities.
- Major hotel operators with long-term leases: 15 hotel operators with 14.4 years average lease duration
- Hotels with a good profitability profile: 1.8x rent coverage in 2019

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

- Variable income assets fell by 3.3% due to rents fully based on hotel turnover and hence strongly impacted for the next couple of years:
  - o -3.3% on the AccorInvest portfolio located in France and Belgium,
  - o -2.8% on operating assets in Germany.
- Fixed leased hotels: value remained relatively stable (-0.8%) mainly thanks to the negotiated extension of the leases' duration which supports the value of the assets for a longer period.
- UK portfolio: -7.6% on these 12 assets leased to IHG. Due to the longer lockdown period and impact on the rent forecasts.

**Portfolio breakdown by value and geography**



**Assets distribution accros Europe**



- Bridge table of the portfolio:

<b>Portfolio (as of 30/06/2020)</b>	<b>5 676 M€</b>
Use rights on investment properties	+ 197 M€
Use rights on operating properties	+ 48 M€
Equity affiliates > 30%	- 173 M€
Non-accrued goodwill of operating property assets	- 72 M€
<b>Real Estate Assets Group Share</b>	<b>5 676 M€</b>
The companies's fully consolidated non-controlling interest	+ 703 M€
<b>100% Real estate assets - IFRS accounts</b>	<b>6 379 M€</b>

- Bridge table of the NAV:

<b>Shareholders' equity Group - IFRS Accounts</b>	<b>3 122 M€</b>
Fair value of operating property assets net of deferred taxes	+ 59 M€
Fixed-rate debt	- 31 M€
Restatements of duties	+ 52 M€
<b>EPRA Triple Net NAV</b>	<b>3 202 M€</b>
Financial instruments and fixed-rate debt	+ 136 M€
Deferred tax liabilities	+ 269 M€
<b>EPRA NAV</b>	<b>3 607 M€</b>

- Bridge table of the 3 new EPRA indicators: EPRA NRV, EPRA NTA and EPRA NDV

<b>Shareholders' equity Group - IFRS Accounts</b>	<b>3 122 M€</b>
Fair value of operating property assets net of deferred taxes	+ 59 M€
Fair value of financial instruments	+ 105 M€
Deferred tax (including IFRS adjustments)	+ 269 M€
Non optimised transfer rights	+ 260 M€
<b>EPRA NRV</b>	<b>3 815 M€</b>
Deferred tax on non-core assets	- 39 M€
Goodwill and intangibles assets	- 138 M€
Optimised transfer rights	- 208 M€
<b>EPRA NTA</b>	<b>3 430 M€</b>
Optimisation of the transfer rights	- 52 M€
Intangibles assets	+ 0 M€
Fair value of fixed-rate debt net of deferred taxes	- 31 M€
Fair value of financial instruments	- 105 M€
Deferred taxes	- 230 M€
<b>EPRA NDV</b>	<b>3 013 M€</b>

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- Bridge table of rental income:

€ millions	Rental income H1 2020	Non-controlling interest	Rental income H1 2020 Group Share
	IFRS Accounts		Covivio Hotels
Hotels	70 M€	- 8 M€	62 M€
Retail premises	6 M€		6 M€
<b>Total Rental Income</b>	<b>76 M€</b>	<b>-8 M€</b>	<b>68 M€</b>
<b>Managed hotel EBITDA</b>	<b>3 M€</b>	<b>0 M€</b>	<b>3 M€</b>

- Detail of Loan-to-Value (LTV) calculation:

(€millions) – Group Share	2019	H1 2020
Net book debt	2 329	2 240
Receivables linked to associates (fully consolidated)	-35	-22
Pledges	-122	-94
Security deposits received	0	0
Purchase debt	11	9
<b>Net debt Group Share</b>	<b>2 183</b>	<b>2 133</b>
Appraised value of real estate assets (including duties)	6 081	5 781
Pledges	-122	-94
Financial assets	27	42
Receivables linked to associates (equity method)	61	63
Share of equity affiliates	207	194
<b>Value of assets</b>	<b>6 254</b>	<b>5 986</b>
<b>LTV Excluding Duties</b>	<b>36,5%</b>	<b>37,3%</b>
<b>LTV Including Duties</b>	<b>34,9%</b>	<b>35,6%</b>

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- Reconciliation with consolidated accounts:

Net debt

(€ millions)	Consolidated financial statements	Minority interests	Group Share
Bank Debt	2 547	129	<b>2 418</b>
Cash and cash equivalents	189	11	<b>178</b>
<b>Net debt</b>	<b>2 358</b>	<b>118</b>	<b>2 240</b>

Portfolio (including duties)

(€ millions)	Consolidated financial statements	Portfolio of companies under equity method	Fair value of investment properties	Minority interests	Group Share
Investment & development properties	4 492	541	1 251	-702	<b>5 582</b>
Assets held for sale	94			0	<b>94</b>
<b>Total portfolio</b>	<b>4 586</b>	<b>541</b>	<b>1 251</b>	<b>-702</b>	<b>5 676</b>
				Duties	260
				Portfolio Group Share Including Duties	5 936
				(+ Advances and deposits on fixed assets	50
				<b>Portfolio for LTV calculation</b>	<b>5 986</b>

Interest Coverage Ratio (ICR)

€ millions	H1 2019	2019	H1 2020
EBE (Net rents (-) operating expenses (+) results of other activities)	140	275	<b>67</b>
Cost of debt	-28	-54	<b>-25</b>
<b>ICR</b>	<b>4,94</b>	<b>5,10</b>	<b>2,63</b>

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- Bridge table of EPRA Earnings:

€ millions	Net income 100%IFRS Accounts	Non- controlling interest	Net Income, Group Share	Restatements	EPRA Earnings
<b>Net Rental Income</b>	<b>71,3</b>	<b>-7,4</b>	<b>63,9</b>	<b>0,8</b>	<b>64,7</b>
<b>Managed hotel income</b>	<b>3,3</b>	<b>-0,1</b>	<b>3,2</b>	<b>1,6</b>	<b>4,8</b>
<b>Operating costs</b>	<b>-8,9</b>	<b>0,7</b>	<b>-8,2</b>	<b>0,0</b>	<b>-8,2</b>
Depreciation of operating assets	-20,0	0,5	-19,5	15,8	-3,7
Net allowances to provisions and other	7,1	0,0	7,1	-3,3	3,8
<b>OPERATING PROFIT</b>	<b>52,8</b>	<b>-6,3</b>	<b>46,5</b>	<b>14,9</b>	<b>61,4</b>
Income from disposals of assets	-0,3	-0,1	-0,4	0,4	0,0
Net valuation gains and losses	-135,0	2,1	-132,9	132,9	0,0
Income from disposal of securities	0,1	0,0	0,1	-0,1	0,0
Income from changes in scope	-2,4	0,0	-2,4	2,4	0,0
<b>OPERATING PROFIT (LOSS)</b>	<b>-84,8</b>	<b>-4,3</b>	<b>-89,1</b>	<b>150,5</b>	<b>61,4</b>
<b>Costs of net financial debt</b>	<b>-29,0</b>	<b>1,3</b>	<b>-27,7</b>	<b>0,1</b>	<b>-27,6</b>
Interest charges on rental liabilities	-6,5	0,0	-6,5	4,6	-1,9
Fair value adjustment on derivatives	-40,1	0,5	-39,6	39,6	0,0
Discounting of liabilities and receivables	0,3	0,0	0,3	0,0	0,3
Net change in financial and other provisions	-0,2	0,0	-0,2	0,2	0,0
Share in income of equity affiliates	-6,9	0,0	-6,9	8,9	2,0
<b>PRE-TAX NET INCOME (LOSS)</b>	<b>-167,2</b>	<b>-2,5</b>	<b>-169,7</b>	<b>203,9</b>	<b>34,2</b>
Deferred tax liabilities	20,1	-0,8	19,3	-19,3	0,0
Recurrent Tax	-13,0	0,8	-12,2	10,3	-1,9
<b>NET INCOME FOR THE PERIOD</b>	<b>-160,1</b>	<b>-2,5</b>	<b>-162,6</b>	<b>194,9</b>	<b>32,3</b>

- **Glossary:**

1) Definition of the acronyms and abbreviations used:

GS: Group share

Chg: Change

LfL: Like-for-Like scope

2) Firm residual term of leases

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

3) Triple net lease

Lease contract reached between a landlord and a tenant. A "triple net" lease means a lease for which all the taxes and expenses (work, maintenance) related to proper functioning of the building are at the expense of the tenant.

4) Loan To Value (LTV)

Calculation of the LTV is detailed in the Appendices.

5) Rental income

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

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

6) EBITDA (Earnings before Interest, Taxes, Depreciation and Amortisation):

This is gross operating income after rent. The calculation can be described in the following manner:

(+) Total revenues (revenues)  
(-) Purchases and External Expenses  
(-) Personnel Expenses  
= EBITDAR  
(-) Rental income  
= EBITDA

7) EBITDAR Margin:

EBITDAR corresponds to the gross operating income before rent. It is used to compare companies with different ownership policies.

The EBITDAR margin corresponds to the following calculation: EBITDAR / Total rental income

The level of operating profits of hotels varies depending on the hotel category.

8) Portfolio

The portfolio presented includes investment properties and properties under development, as well as operating properties and properties in inventory for each of the entities, stated at their fair value.

9) Yield

The portfolio returns are calculated according to the following formula:

$$\frac{\text{Annualised gross rental income}}{\text{Value excluding duties on the scope in question}}$$

10) Average annual rate of debt

$$\frac{\begin{array}{l} \text{Financial cost of bank debt for the period} \\ + \text{Financial cost of hedges for the period} \end{array}}{\text{Average used financial net debt outstanding in the year}}$$

11) Occupancy rate

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

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

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

12) Like-for-like change in rent

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

On hotel operating properties, the change in constant scope is calculated based on EBITDA.

Restatement done:

- Deconsolidation of acquisitions and disposals realised on the N and N-1 periods
- Restatements of assets undergoing work, i.e.:
  - Restatement of assets released for work (realised on N and N-1 years)
  - Restatement of deliveries of under-work assets (realised on N and N-1 years).



13) Like-for-like change in value

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

Restatement done:

- Deconsolidation of acquisitions and disposals realised during the period
- Restatement of work realised on assets during period N (including assets under development).