

FIRST-HALF 2022 EARNINGS

Paris — July 26, 2022

Klépierre, the European leader in shopping malls, today reported its earnings for the six-month period ended June 30, 2022⁽¹⁾. The main highlights include:

- **First-half 2022 net current cash flow at €1.32 per share⁽²⁾, up 83.7% year-on-year**
- **Retailer sales⁽³⁾ near or above pre-pandemic level in the 5 undisturbed months of 2022, with a significant acceleration in the second quarter**
- **Like-for-like net rental income up 66.7% year on year**
- **Steady leasing activity with a 2.7% positive reversion and occupancy rate improving to 94.7% year on year**
- **Successful inauguration of the extension of Gran Reno (Bologna, Italy) early July, 98% occupied, with a yield on cost of 7.6% and better-than-expected rents**
- **€431 million in disposals closed since January 1, 2022**
- **Stronger financial metrics with a Loan-to-Value ratio of 38.8%, a net debt to EBITDA ratio of 8.6x⁽⁴⁾ and an ICR of 10.0x**
- **EPRA Net Tangible Assets⁽⁵⁾ per share of €30.60, with a broadly stable portfolio value**
- **2022 net current cash flow guidance raised to at least €2.45⁽²⁾ per share, a 5.4% increase compared to the midpoint of the initial guidance**

Jean-Marc Jestin, Chairman of the Klépierre Executive Board, commented, *“Klépierre delivered a steady performance over the first six months, with a rise in net current cash flow per share, supported by growth in rental income, an increase in retailer sales and dynamic leasing activity. Regarding development, I am particularly proud of the inauguration in early July of our flagship mall Gran Reno in Bologna, with an occupancy rate of 98%. This major achievement is a perfect illustration of Klépierre’s ambitions for retail and its value creation abilities. We have also actively pursued our asset rotation strategy with more than €430 million in disposals closed to date, translating into further improvement of our robust financial metrics with a net debt to EBITDA ratio of 8.6x and an ICR of 10.0x. In May, S&P confirmed our BBB+ rating with a stable outlook. Since the outbreak of the pandemic, thanks to the resilience of our business model and our financial discipline, Klépierre has paid €1.4 billion in cash dividends to shareholders and reduced net debt by c.€1 billion⁽⁴⁾. On the back of our solid first-half results, we are revising our full-year guidance upwards to at least €2.45 per share, a 5.4% increase compared to the midpoint of our initial guidance.”*



KEY FINANCIALS

	H1 2022	H1 2021	Reported Change	Like-for-like change ^(a)
<i>In millions of euros, total share</i>				
Total revenues	613.8	475.4	+29.1%	
Net Rental Income (NRI), shopping centers	490.3	315.9	+55.2%	+66.4%
Property portfolio valuation (inc. transfer taxes)	20,577	21,471	-4.2%	+0.8%
Net debt	7,867 ^(b)	9,146	-14.0%	
Loan-to-Value (LTV)	38.8% ^(b)	42.6%	-380 bps	
Net debt to EBITDA	8.6x ^(b)	12.6x	-4.0x	
ICR	10.0x	6.5x	+3.5x	
<i>In euros, Group share</i>				
EPRA Net Tangible Assets (NTA) per share	30.6	29.7	+3.0%	
Net current cash flow per share	1.30	0.72	+79.3%	
Net current cash flow per share (excluding IFRS 16)	1.32	0.72	+83.7%	

(a) Like-for-like data exclude the contribution of new spaces (acquisitions, greenfield projects and extensions), spaces being restructured, disposals completed since January 2022, and foreign exchange impacts.

(b) Taking into account disposals closed after June 30, 2022.

OPERATING PERFORMANCE

Retailer sales⁽³⁾ and footfall

Retailer sales in January were negatively impacted by the pandemic (store closures in the Netherlands, the “2G” law in Germany and mandatory face coverings to visit stores in other countries). From February to June, retailer sales continued to improve strongly in line with the second half of 2021 with a sequential monthly acceleration, supported by the end of health restrictions and the economic rebound, reaching 92% of 2019 levels in February and March and up to 101% in the second quarter.

Similarly, footfall continued to improve to reach the highest level since 2021 at c.90% of 2019 levels in May and June (10 percentage points better than in second-half 2021). High transformation rates and average basket sizes once again drove the increase in retailer sales.

In all geographies, retailer sales and footfall were on a steady upwards trend from February to June.

By segment, fashion confirmed its recovery over the first half and posted one of the strongest rebounds in the second quarter. Culture, gifts & leisure together with health & beauty experienced a sustained increase over the second quarter, with performances respectively above and on a par with 2019 levels. Household equipment continued to outperform over the first half. Lastly, food & beverage has posted solid rises since the beginning of the year with also a sharp acceleration between the first and second quarters.

Leasing update

Klépierre recorded a dynamic first half in terms of leasing with 699 leases signed, including 516 renewals and re-lettings at an average 2.7% positive rental reversion. Strong retailer demand for Klépierre’s malls contributed to maintaining a high occupancy rate at 94.7%, up 50 basis points over one year with a sustained occupancy cost ratio of 12.4% (down 20 basis points over 6 months).

Across its portfolio, Klépierre continued to adapt its mix, prioritizing the expansion of omnichannel retailers that are better suited to evolving consumer expectations. This translated into a sustained deal flow with banners such as Inditex (9 leases), H&M (6 leases), Calzedonia (17 leases), Nike (3 leases), Mango (1 lease), Rituals (2 leases) and Pandora (2 leases). Greater emphasis has also been placed on dynamic segments like sports. Sneakers group Deichmann unveiled seven stores in Italy, Sweden and Spain, while JD Sports signed leases for the expansion of two stores in France and Italy. In addition, the Group signed an important deal for the opening of the first Nike stores in its Scandinavian malls at Emporia (Malmö, Sweden) and Bruun’s Galleri (Aarhus, Denmark). Lastly, the sportswear specialist, 4F, and the Danish retailer, Hummel, joined malls in Poland and Denmark, respectively, while Adidas is set to unveil a brand-new boutique in Arcades (Paris region, France) in the second half of 2022.

Convinced by the quality of the locations offered by the Group, a host of newcomers and on-trend concepts also chose Klépierre as part of their growth strategy. Jimmy Fairly, the hip eyewear specialist, is set to unveil its new flagship in France in the coming months, while the Chinese online retail platform, AliExpress, launched an offline concept in Spain in April. Likewise, household equipment specialist Tefal signed up for its first stores in Klépierre's portfolio in France and Sweden, while several contracts were signed with Danish brand Flying Tiger Copenhagen, lifestyle brand Miniso and Chinese retailer Xiaomi. Leasing activity was also dense within the popular value retail segment, with the opening of new stores for Normal, Pepco, Xenos or HalfPrice. Lastly, with the normalization of the health situation, the Group also resumed its specialty leasing activities – especially pop-up stores – welcoming brands including Izipizi, Devialet, Jean-Paul Gaultier, Havaianas, Bons Baisers de Paname and Thermomix, all of which contributed to rejuvenating the retail offering and boosting footfall and sales in numerous shopping centers.

Rent collection

As of July 18, 2022, Klépierre had collected 95% of invoiced rents and charges (96% collected for the first quarter). The Group is on track to achieve a collection rate of at least 96.7% for first-half 2022, only 1.7 percentage points below the 5-year average pre-pandemic level.

Collection rates for 2020 and 2021 continued to improve, leading to additional income (reversal of provisions) in first-half 2022 for €38 million (one-off item).

Net rental income

Net rental income amounted to €501.3 million, up 56.4% on a reported basis, with the increase mainly attributable to lower rent abatements and provisions for credit losses, and higher variable revenue and other income for an aggregate amount of €197 million.

On a like-for-like basis, net rental income increased by 66.7%.

NET CURRENT CASH FLOW

Over the first half of 2022, net current cash flow amounted to €428 million (total share), or €1.32 per share, of which €0.12 relates to higher than anticipated rents collection for 2020 and 2021.

Compared to the same period last year, the €0.60 per share improvement in net current cash flow⁽⁶⁾ is mainly attributable to net rental income (€0.64) and a lower cost of debt (€0.02), partially offset by higher current tax expenses (-€0.05).

PORTFOLIO VALUE AND EPRA NET TANGIBLE ASSETS (NTA)

Klépierre's total portfolio value stood at €20,577 million⁽⁷⁾ on a total share basis as of June 30, 2022, up 0.8% like-for-like over 12 months and up 0.3% over 6 months. Overall, as of June 30, 2022, the average EPRA Net Initial Yield for the shopping center portfolio stood at 5.2%, flat compared to December 31, 2021.

EPRA NTA⁽⁵⁾ per share amounted to €30.60 compared to €31.20 as of December 2021. This slight decrease mainly reflected the payment in a single installment of the €1.70 per share distribution, partly offset by the 6-month cash flow (€1.32 per share). The increase in the like-for-like portfolio value had a positive impact of €0.28 per share, while foreign exchange and other items had a negative impact of €0.50 per share.

DEBT AND FINANCING

As of June 30, 2022, consolidated net debt amounts to €8,124 million, versus €8,006 million six months ago. Considering the disposals closed early July, notably the €290 million assets in Norway (see the "Disposals" section below), net debt stood at €7,867 million. The gross debt has an average maturity of 6.5 years.

As of June 30, 2022, the Loan-to-Value (LTV) ratio stood at 39.5% (compared to 38.7% as of December 31, 2021) and 38.8% factoring in the recent disposals early July. Net debt to EBITDA ratio stood at 8.6x while ICR was at 10.0x. The hedging profile⁽⁸⁾ remains solid with 88% of net debt hedged at fixed rates in

2022, breaking down as 69% fixed-rate debt and payer swaps and 19% caps and with a weighted average maturity of 4.8 years.

Klépierre's liquidity position⁽⁹⁾ stood at €2.3 billion (including €1.8 billion of committed credit facilities) and covers all the Group's refinancing needs until the end of 2024.

DEVELOPMENTS AND DISPOSALS

Investments

In the first half of 2022, the Group focused on its main committed development projects: the extension of Gran Reno in Bologna (Italy), the refurbishment and extension of Grand Place in Grenoble (France) and the development of five Primark megastores (31,000 sq.m. total) in Italy and France with most set to open by the end of the year.

Total capital expenditure in the first half of 2022 amounted to €90.9 million, of which €57.7 million in development projects and €23.7 million in maintenance and refurbishment, mainly.

Pipeline

Early July, Klépierre successfully inaugurated the extension of Gran Reno (Bologna, Italy), on budget and with better rents than expected. This operation finalized the full makeover of this flagship shopping center and was 98% let at opening. Perfectly illustrating the Group's operational strategy, the 16,700 sq.m. extension hosts an outstanding set of retailers such as Sephora, New Balance, JD Sports, the Inditex brands, H&M, Tommy Hilfiger and Primark, together with a new food destination area. The full makeover of Gran Reno delivered a 7.6% yield on cost.

The refurbishment of Grand Place, the leading retail destination in Grenoble (France), was delivered in March 2022 with new store signings including Vans and Lego. In addition, the first stone was laid on the construction of the 16,200 sq.m. extension in May 2022, with completion scheduled for the end of 2023. Pre-leasing is well on track, with 82% of projected net rental income signed (68%) or under advanced negotiations (14%).

Disposals

Since January 1, 2022, the Group has closed or signed disposals for a total consideration of €470 million⁽¹⁰⁾ at an average yield of 6.0%⁽¹¹⁾ and prices in line with appraised values (-0.4%). €431 million were closed to date mainly including the disposal, on July 1, 2022, of three Norwegian properties (€290 million) as well as a few portfolios of retail properties in France.

ACT FOR GOOD[®]

Since the beginning of the year, Klépierre has pressed ahead with its Act for Good[®] policy based on three pillars: Act for the Planet, Act for Territories and Act for People. This strategy demonstrates Klépierre's intention to reconcile the requirements of operational excellence with environmental, societal and social performance and has already been largely recognized by several non-financial rating agencies. Thanks to the outstanding work put in day-in, day-out by Klépierre teams' in making shopping centers more efficient and ever more environmentally ambitious, GRESB, MSCI, SBTi and CDP, ranked the Group as the leader in its sector. Amid tight energy supply and higher associated costs, Klépierre is also actively engaged in reducing its power consumption while supporting retailers in the same aim.

The Group and its employees have also been highly committed to providing support to the people in Ukraine since the outbreak of war on February 24, 2022. Klépierre's teams promptly organized donations for refugees, and in our shopping centers in Europe, we also arranged for the collection of clothes, food and healthcare products from our retailers and visitors as well as from non-profits organizations. These were then shipped to Sadyba Best Mall in Warsaw (Poland) which became a logistics hub for the distribution of the donations to Ukraine.

OUTLOOK

For 2022, the Group expects net current cash flow to reach at least €2.45 per share⁽²⁾, a 5.4% increase compared to the midpoint of the initial guidance.

This updated guidance assumes that business operations are not impacted in H2 2022 by new Covid-related disruptions on our clients' operations or by any major deterioration in the geopolitical situation. It does include disposals closed to date and a €0.12 profit per share booked in H1 2022 relating to higher rent collection for 2020 and 2021.

(1) The Supervisory Board met at Klépierre's headquarters on July 25, 2022, to examine the interim financial statements, as approved by the Executive Board on July 21, 2022. The consolidated financial statements have been subject to review procedures by the Company's Statutory Auditors. The review report on the interim financial information is to be issued shortly.

(2) Excluding the impact of amortizing Covid-19 rent concessions.

(3) Change on a same store basis, excluding the impact of asset sales and acquisitions.

(4) Net debt restated for disposals closed after June 30, 2022.

(5) EPRA NTA per share figures are rounded to the nearest 10 cents.

(6) Figures are rounded to the nearest 10 cents.

(7) Including transfer taxes, total share.

(8) Calculated as the ratio of fixed-rate debt (after hedging) to gross borrowings expressed as a percentage.

(9) Liquidity position is the total financial resources available to a company. This indicator is therefore equal to the sum of the cash at hand at the end of the year, confirmed and unused revolving credit facilities (net of commercial paper) and uncommitted credit facilities.

(10) Excluding transfer taxes, total share.

(11) Calculated based on 2022 estimated net rental income.

RETAILER SALES AND FOOTFALL VERSUS 2019^(A)

	Retailer sales	Footfall
January 2022	83%	78%
February 2022	94%	83%
March 2022	91%	82%
April 2022	101%	85%
May 2022	105%	90%
June 2022	99%	89%

(a) Change on a same store basis, excluding the impact of asset sales and acquisitions.

TOTAL REVENUES

<i>In millions of euros</i>	Total share		Group share	
	H1 2022	H1 2021	H1 2022	H1 2021
France	226.8	144.1	185.4	117.4
Italy	107.2	76.4	106.0	75.6
Scandinavia	75.9	85.2	42.6	47.8
Iberia	63.0	53.9	63.0	53.9
Netherlands & Germany	53.8	43.6	53.2	42.8
Central Europe	32.2	29.9	32.2	29.9
Other countries	7.5	6.2	6.8	5.7
SHOPPING CENTER GROSS RENTAL INCOME	566.4	439.3	489.2	373.1
Other retail properties	10.9	5.1	10.9	5.1
TOTAL GROSS RENTAL INCOME	577.3	444.3	500.1	378.2
Management and development fees	36.5	31.1	35.1	29.3
TOTAL REVENUES	613.8	475.4	535.2	407.5
Equity-accounted companies*	41.2	30.9	39.7	29.1

* Contributions from equity-accounted investees include investments in jointly controlled companies and investments in companies under significant influence.

QUARTERLY NET RENTAL INCOME ON A TOTAL SHARE BASIS

	H1 2022		2021			
<i>In millions of euros</i>	Q2	Q1	Q4	Q3	Q2	Q1
France	119.0	79.2	109.5	100.1	43.6	45.6
Italy	53.1	45.5	70.5	48.2	36.1	22.9
Scandinavia	32.3	32.8	31.6	33.9	50.5	23.4
Iberia	29.8	27.4	29.9	33.5	22.9	19.8
Netherlands & Germany	22.9	14.1	23.8	28.8	23.1	3.8
Central Europe	12.7	17.4	12.5	18.7	10.4	9.6
Other countries	2.9	1.4	3.7	2.9	1.9	2.3
SHOPPING CENTERS NET RENTAL INCOME	272.5	217.8	281.5	266.0	188.5	127.3
Other retail properties	7.2	3.8	5.3	6.1	2.5	2.2
TOTAL NET RENTAL INCOME	279.8	221.5	286.8	272.1	191.0	129.6

NET CURRENT CASH FLOW

	H1 2022	H1 2021	Change
<i>(Total share, in millions of euros)</i>			
Gross rental income	577.3	444.3	+29.9%
Rental and building expenses	(76.0)	(123.8)	-38.6%
Net rental income	501.3	320.6	+56.4%
Management and other income	42.0	35.7	+17.6%
General and administrative expenses	(76.7)	(71.4)	+7.5%
EBITDA	466.6	284.9	+63.8%
<i>Adjustments to calculate operating cash flow:</i>			
Depreciation charge for right-of use assets ^(a)	(4.0)	(4.2)	
Employee benefits, stock option expense and non-current operating expenses/income	(1.9)	0.0	
IFRIC 21 impact	7.7	8.2	
Operating cash flow	468.4	288.9	+62.1%
Cost of net debt	(58.1)	(58.2)	-0.2%
<i>Adjustments to calculate net current cash flow before taxes:</i>			
Amortization of Corio debt mark-to-market	(0.4)	(1.9)	
Financial instrument close-out costs	6.8	1.7	
Current cash flow before taxes	416.7	230.5	+80.8%
Share in earnings of equity-accounted companies	28.5	17.6	+62.6%
Current tax expense	(17.6)	0.1	n.m.
Net current cash flow	427.7	248.1	+72.4%
<i>(Group share, in millions of euros)</i>			
NET CURRENT CASH FLOW	371.7	206.9	+79.6%
Average number of shares ^(b)	286,037,065	285,539,909	
<i>(Per share, in euros)</i>			
NET CURRENT CASH FLOW – IFRS	1.30	0.72	+79.3%
IFRS 16 straight-line amortization	0.02	(0.01)	
NET CURRENT CASH FLOW – ADJUSTED	1.32	0.72	+83.7%

(a) Right-of-use assets and lease liabilities related to head office and vehicle leases as per IFRS 16.

(b) Excluding treasury shares.

2022 HALF-YEAR EARNINGS WEBCAST PRESENTATION AND CONFERENCE CALL

Klépierre Executive Board will present the 2022 half-year earnings on **Wednesday, July 27, 2022 at 9:00 am Paris time (8:00 am London time)**. Please visit Klépierre's website at www.klepierre.com to listen to the webcast, or click [here](#).

A replay will also be available after the event.

AGENDA

October 19, 2022 Business review for the first nine months of 2022 (after market close)

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ABOUT KLÉPIERRE

Klépierre is the European leader in shopping malls, combining property development and asset management skills. The Company's portfolio is valued at €20.6 billion at June 30, 2022, and comprises large shopping centers in more than 10 countries in Continental Europe which together host hundreds of millions of visitors per year. Klépierre holds a controlling stake in Steen & Strøm (56.1%), Scandinavia's number one shopping center owner and manager. Klépierre is a French REIT (SIIC) listed on Euronext Paris and is included in the CAC Next 20 and EPRA Euro Zone Indexes. It is also included in ethical indexes, such as Euronext CAC 40 ESG, MSCI Europe ESG Leaders, FTSE4Good, Euronext Vigeo Europe 120, and features in CDP's "A-list". These distinctions underscore the Group's commitment to a proactive sustainable development policy and its global leadership in the fight against climate change.

For more information, please visit the newsroom on our website: www.klepierre.com    

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