

PRESS RELEASE

# 9-MONTH 2022 TRADING UPDATE

Paris — October 19, 2022

Klépierre, the European leader in shopping malls, today released its trading update for the first nine months of 2022<sup>(1)</sup>. Third-quarter activity has confirmed the solid business recovery observed in the first half:

- **Third-quarter retailer sales<sup>(2)</sup> up 6% on a like-for-like basis compared to 2021**
- **3% positive reversion on renewals and releasings, on top of annual indexation of 4.2%<sup>(3)</sup> in 2022**
- **High financial occupancy rate of 95.6%, up 150 bps year on year**
- **Net rental income up 31.4% year on year on a like-for-like basis**
- **Ongoing asset rotation strategy: €472 million worth of disposals over the first nine months, in line with appraisal values**
- **Leading to even better credit metrics as of September 30:**
  - o net debt down to €7,667 million
  - o net debt to EBITDA of 8.2x, LTV of 37.8% and ICR at 10.0x
- **Guidance confirmed for 2022 with net current cash flow per share of at least €2.45<sup>(4)</sup>**
- **Klépierre ranked first in the Global Retail Listed category by GRESB for the third year in a row**

## KEY FINANCIALS

<i>In millions of euros, total share</i>	9M 2022	9M 2021	Like-for-like change <sup>(b)</sup>
<b>Total gross rental income</b>	<b>855.0</b>	<b>709.5</b>	<b>27.4%</b>
Service charge income <sup>(a)</sup>	196.4	183.3	
Management and development fees	52.7	49.8	
<b>Total revenues</b>	<b>1,104.1</b>	<b>942.7</b>	
<b>Total net rental income</b>	<b>734.6</b>	<b>592.6</b>	<b>31.4%</b>

(a) Service charges invoiced to tenants covering the general maintenance and repairs, security, heating, cooling, lighting and cleaning of common areas. Service charge income is included in total revenues (IFRS 15). The same applies for the first nine months of 2021.

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



## OPERATING PERFORMANCE

In a similar vein to the steady performance observed in the first half of 2022, trading continued to improve in the third quarter of the year.

This trend underscores the strength of the business resumption and the relevance of Klépierre's rigorous asset selection aimed at matching the positioning and expansion plans of leading retailers in the heart of Europe's largest cities.

### Retailer sales and footfall

On a like-for-like basis<sup>(2)</sup>, total retailer sales at Klépierre's shopping centers were up 6% during the third quarter compared to the same period in 2021. Following the positive trend observed since April 2022, retailer sales continued to improve month on month, growing by 3% in July, 8% in August and 10% in September compared to one year earlier. Footfall also increased by 12% during the period compared to 2021.

By geographic area, Iberia (up 16%) and Netherlands & Germany (up 9%) led the way. Furthermore, malls located in business districts or dependent on tourist traffic or commuters, which experienced a more lackluster resumption after store reopening, delivered improved performances during the period (up 16%).

By segment, Food & Beverage and Health & Beauty posted the strongest rebounds, respectively up 21% and 8%, benefiting from the end of health restrictions, followed by Fashion (up 4%) and Culture, Gifts and Leisure (up 4%), which also outperformed 2021 levels.

### Leasing activity

Leasing activity was also dynamic, with 991 leases signed, demonstrating the Group's asset management expertise and the deep appeal of our platform for retailers. Over the first nine months of the year, a 3% positive reversion rate was achieved on renewals and releasings (on top of indexation of 4.2%<sup>(3)</sup> applied in January 2022). As of September 30, 2022, the financial occupancy rate stood at 95.6%, a clear uptick compared to 94.1% one year ago.

### Revenues

Total revenues for the first nine months of 2022 amounted to €1,104.1 million, a 17.1% increase compared to the same period last year.

The good business resumption translated into strong improvements in rental income, reflecting a normalized invoicing and higher collection rates as well as a rebound in variable revenues and other income.

Consequently, over the first nine months of 2022, gross rental income was up 27.4%, on a like-for-like basis to €855.0 million.

Similarly, net rental income was up 31.4% on a like-for-like basis to €734.6 million. This amount does also include €47 million of better-than-expected rent collection for the years 2020 and 2021.

## DEVELOPMENT AND DISPOSALS

### Developments

#### Grand Place (Grenoble, France)

Following the refurbishment completed in March 2022, the first stone was laid on the construction of the 16,200 sq.m. extension in May 2022. The total investment amounts to €70 million for an expected yield on cost of 7.9%. Pre-leasing stands at 82% of the projected net rental income (76% signed and 6% under advanced negotiations). Soon to be anchored by the first Primark store in the region, the full makeover of Grenoble's leading retail destination is earmarked for completion by the end of 2023.

#### New Primark megastores (Italy and France)

In line with its Retail First<sup>®</sup> leasing strategy based on strong partnerships with leading banners, Klépierre continued to support the expansion of Primark, with the opening of a new megastore at Gran Reno (Bologna, Italy) and the handover of units in:

- Le Gru (Turin, Italy) and Campania (Naples, Italy), slated to open in the fourth quarter of 2022; and

- Nave de Vero (Venice, Italy) and Centre Deux (Saint-Etienne, France), slated to open in the first half of 2023.

As of today, Klépierre operates 17 stores with this highly-attractive anchor, representing a total space of more than 110,000 sq.m.

### Disposals

Since January 1, 2022, the Group has pursued its asset rotation strategy and sold €472 million<sup>(5)</sup> worth of assets mainly in Norway and in France. Those disposals have been closed in line with appraisal values.

## DEBT AND LIQUIDITY

As of September 30, 2022, Klépierre's credit metrics further improved with a net debt to EBITDA ratio of 8.2x and a high interest coverage ratio (ICR) of 10.0x. Consolidated net debt stood at €7,667 million, down €457 million compared to June 30, 2022 and the Loan-to-Value<sup>(6)</sup> ratio was 37.8%.

At the same date, the Group's gross debt had an average maturity of 6.4 years, and Klépierre's liquidity position stood at €2.7 billion, up €400 million compared to June 30, 2022.

On May 20, 2022, Standard & Poor's affirmed Klépierre's BBB+ credit rating with a stable outlook.

## KLÉPIERRE LEADER IN SUSTAINABLE DEVELOPMENT

For the third year in a row, Klépierre's Act for Good® strategy has been recognized as Global Retail Sector Leader for its CSR strategy and performance by GRESB (Global Real Estate Sustainability Benchmark).

With an improving score of 98/100, the Group maintained its number one ranking within the "Global Retail Listed", "Europe Listed", "Europe Retail" and "Europe Retail Listed" categories, thanks to an improvement in the Group's energy performance as well as its initiatives around greenhouse gas (GHG) emissions and waste management. This historic score compares to an average of 79/100 among similar companies and 74/100 for all GRESB participants.

Klépierre is continuing its energy efficiency drive, having already reduced the energy consumption of all its centers in Europe by more than 40% in 2021 compared with 2013. In 2021, Group shopping centers consumed an average of 79 kWh/sq.m. in Europe and 70 kWh/sq.m. in France<sup>(7)</sup>. This positions Klépierre's malls as the least energy-intensive in the industry in France, where average consumption per shopping center is 109 kWh/sq.m.<sup>(8)</sup>

In the shorter term, in line with plans announced by several governments in Europe, including France, all Klépierre's malls will implement various additional efficiency measures. In France, these will help Klépierre meet the target of reducing energy consumption by 10% by this winter versus the pre-Covid levels of winter 2019-2020, through initiatives that include optimizing heating, air conditioning and lighting.

## OUTLOOK

Based on the strong performance in the first nine months of the year, the Group is confirming its 2022 guidance of at least €2.45 net current cash flow per share<sup>(4)</sup>. This guidance assumes that business operations are not impacted through the end of the year by any further Covid-related disruptions to clients' operations or any major deterioration in the geopolitical situation.

- (1) The data disclosed in this release, including those set out in the appendices, have not been audited.  
(2) Change on a same store basis, excluding the impact of asset sales and acquisitions.  
(3) Weighted average indexation applied to the 712 leases renewed or relet since January 1, 2022.  
(4) Excluding the impact of amortizing Covid-19 rent concessions.  
(5) Excluding transfer taxes, total share.  
(6) Based on end-June 2022 portfolio valuations.  
(7) For common areas and stores that are not self-sufficient in energy.  
(8) Source: *Observatoire de l'Immobilier Durable, Baromètre de la performance énergétique et environnementale des bâtiments*, 2021.

## GROSS RENTAL INCOME

In millions of euros	Total share		Group share	
	9M 2022	9M 2021	9M 2022	9M 2021
France <sup>(a)</sup>	345.1	250.5	284.4	204.8
Italy	162.0	123.0	160.3	121.8
Scandinavia	108.5	117.9	60.9	66.1
Iberia	97.6	85.9	97.6	85.9
Netherlands & Germany	81.8	77.9	80.9	76.6
Central Europe	49.2	44.1	49.2	44.1
Other countries	10.9	10.3	9.9	9.5
<b>GROSS RENTAL INCOME</b>	<b>855.0</b>	<b>709.5</b>	<b>743.1</b>	<b>608.7</b>

(a) Shopping centers and other retail properties.

## AGENDA

**February 15, 2023**

2022 full-year earnings (after market close)

**May 11, 2023**

Annual General Meeting

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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 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](http://www.klepierre.com)



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