

BUSINESS REVIEW FOR THE FIRST NINE MONTHS OF 2021

Paris — October 22, 2021

Klépierre, the European leader in shopping malls, today released its business update for the first nine months of 2021⁽¹⁾. The main highlights include:

- **Guidance for full-year 2021 net current cash flow per share⁽²⁾ revised upwards by 20 cents to at least €2.00, assuming no severe restrictions through to the end of the year, thanks to:**
 - **Sound shopping centers reopening**
 - o Strong recovery in retailer sales⁽³⁾ over the third quarter, up 6% compared to 2020 and almost equaling pre-pandemic levels (94% of 2019 levels)
 - o Dynamic leasing activity with 1,061 leases signed over 9 months, with a -0.6% reversion
 - **Rent collection close to pre-pandemic level**
 - o Rent collection⁽⁴⁾ for the third quarter to reach at least 93% (90% as of October 20, 2021)
 - o Collection of 2020 rents and H1 2021 rents higher than forecast
 - o Q3 shopping centers net rental income up 11.1% versus Q3 2020
- **Net debt down €583 million compared to June 30, 2021, thanks to €502 million worth of disposals**
- **Klépierre ranked once again #1 worldwide by GRESB and upgraded to “AAA” by MSCI for its sustainability performance**

Jean-Marc Jestin, Chairman of the Executive Board, said, “As already experienced in 2020, once restrictions are lifted, footfall and sales are rebounding fast as our shoppers are thrilled to be visiting Klépierre venues and enjoy the unique experience offered by our malls. Our retailers have also resumed their expansion plans which translated into a dynamic leasing activity. Hence, our business is normalizing swiftly at near-pre-pandemic levels in terms of rent collection and retailer sales.

Over the first nine months, we also strengthened our financial position: we limited capital expenditure, paid a €285 million dividend and reduced our debt significantly thanks to more than €500 million worth of disposals closed. Lastly, Klépierre’s worldwide leadership in ESG has been commended once again by GRESB and MSCI, who have recognized our strenuous efforts to tackle environmental, societal and social challenges. I am sincerely thankful to all my colleagues for all these great achievements.

Supported by the ongoing recovery and higher-than-anticipated rent collection, we have raised our full-year 2021 guidance for net current cash flow by 20 cents to at least €2.00 per share, assuming no severe restrictions are implemented through to the end of the year.”



KEY FINANCIALS

<i>In millions of euros, total share</i>	Q3 2021	Q3 2020
Gross rental income — Shopping centers	261.3	281.9
Gross rental income — Other retail properties	3.8	4.9
Total gross rental income	265.2	286.8
Management, administrative and related income (fees)	18.7	15.8
Total revenues	283.9	302.5
Net rental income – Shopping centers	266.0	239.4

OPERATING PERFORMANCE

Retailer sales

Retailer sales⁽³⁾ at Klépierre's shopping centers were up 6% over the third quarter compared to 2020 and reached 94% of 2019 levels, once again evidencing the firm rebound observed since shopping centers reopened and a faster recovery rate than last year. Over the period, the sales recovery was swift in all geographies.

By **segment**, household equipment continued to lead the pack and exceeded pre-Covid levels (up 1% compared to Q3 2019), followed by culture, gifts & leisure (stable compared to 2019). Fashion has been improving month after month, up 8% compared to 2020 and reaching 96% of 2019 levels, a comparable performance to health & beauty (95% of the third-quarter 2019 level). Lastly, food & beverage posted a firm rebound with Q3 sales up 9% compared to 2020 albeit below pre-Covid levels (82% of the 2019 level), due to the restrictions still in place for restaurants.

By **geographic area**, Scandinavia was back to 2019 levels, while the Netherlands grew by 2%. Business in France continues to improve and is close to pre-Covid levels, despite the introduction of the health pass over the summer. Conversely, recovery has tended to be slower in Iberia and Italy due to the dearth of tourists.

Revenues

Over the third quarter of 2021, **gross rental income** generated by shopping centers amounted to €261.3 million on a total share basis. **Net rental income** generated by shopping centers amounted to €266.0 million (+11.1% versus Q3 2020), including €25 million of net reversal of provisions related to 2020 and H1 2021. Compared to the last undisturbed quarter (Q1 2020) and on a like for like basis, Q3 2021 net rental income generated by shopping centers decreased by only 6.7%, mainly due to lower occupancy and variable revenues still impacted by the pandemic.

Gross rental income from other retail properties in Q3 2021 amounted to €3.8 million and management, administrative and related income (fees) amounted to €18.7 million.

Overall, **total revenues** for the third quarter of 2021 amounted to €283.9 million and €759.3 million for the first nine months of the year.

Rent collection

As of October 20, 2021, the collection rate for the **third quarter of 2021** stood at 90% and is expected to reach at least 93%, before only 1% rent abatements.

The rent collection rate for the **first nine months of 2021** stood at 90% after rent abatements and 80% before. These rates benefited from an H1 2021 rents collection exceeding our forecast with €35 million collected during Q3.

In addition, **2020** rent collection is also above our forecast. Since January 1, 2021, Klépierre has collected €90 million, of which €18 million during the third quarter of 2021.

Leasing update

Over the first nine months of the year, **leasing activity** continued at a sustained pace, with a total of 1,061 renewals, releases and relettings signed, up 60% compared to 2020. Reversion on renewals and relettings was broadly flat (-0.6%) over the period.

Klépierre continued its leasing efforts to further improve the tenant mix in its shopping centers. For instance, the leasing flow was very dynamic in the **sport** segment, with the opening of a new Adidas flagship store at Porta di Roma (Rome, Italy) and the unveiling of two Decimas stores – the local Spanish multi-brands retailer – at Nueva Condomina (Murcia, Spain) and Principe Pio (Madrid, Spain). In addition, FootKorner opened its inaugural store with Klépierre in Belle Épine (Paris region), while XXL signed a lease for a new store in Kupolen (Borlänge, Sweden), slated to open in the second half of 2022. In Val d'Europe (Paris region), the Group will support the creation of the largest Foot Locker store in France over a surface area in excess of 1,000 sq.m., more than doubling the size of the existing store. Simultaneously, Klépierre capitalized on its strong links with **key accounts**, as demonstrated with the opening of Mango at Nový Smíchov (Prague, Czech Republic) and Swatch at Porta di Roma, while Stradivarius (Inditex) opened stores in Belle Épine and Jaude (Clermont-Ferrand, France). **Growing retailers** such as Normal, Hubside and Rituals continued to expand in Klépierre's malls. The Group also further broadened its restaurant offering with the rollout of its Destination Food® concept, signing with international chains such as KFC and Poke House, as well as dynamic local brands.

Additionally, with the aim of offering customers an enhanced, local and sustainable retail offering, Klépierre has developed a new contract model built around **partnerships** with innovative retail players to give them access to its shopping centers. Anti-waste grocery brand NOUS anti-gaspi, Lobsta and Von Dutch (Advanced Retail) are just a few of the new partners opening their first stores and restaurants in Klépierre's shopping centers through this innovative approach. Based on tailored agreements, this strategy will enable Klépierre to explore new territories and welcome new players, boosting the appeal and competitive edge of its centers.

DEVELOPMENT AND DISPOSALS

Development

Capital expenditure spent over the first nine months of 2021 stood at €59 million (versus €77 million in 2020). Only €42 million remains to be cashed out by the end of the year on projects that have already been launched.

The refurbishment works at Gran Reno (Bologna, Italy) were recently completed, offering visitors a completely new shopping experience. The 16,700 sq.m. extension of this major regional mall is due to be completed in the second quarter of 2022, with 81% of the retail space already signed (as a percentage of projected net rental income).

Over the period, the Group also moved ahead with the redevelopment of Grand Place, the leading retail destination in Grenoble (France) whose refurbishment is slated for completion by the end of 2021 and where extension work kicked off in July. As of today, pre-leasing of the new 16,000 sq.m. extension is progressing well, with 80% of projected net rental income signed or under advanced negotiation.

Disposals

Over the first nine months of 2021, the Group completed disposals totaling €502 million (total share, excluding transfer taxes) at an average net initial yield of 5.6%⁽⁵⁾. This amount includes the sale of 5 shopping centers in Norway and various retail properties in France, Sweden and the Netherlands.

In addition, the Group has signed binding promissory agreements for the disposal of €140 million of retail properties, 11% above appraisal value.

DEBT AND LIQUIDITY

As of September 30, 2021, consolidated net debt amounted to €8,563 million, down €583 million over the quarter, on the back of proceeds generated by recent disposals and higher rent collection. Meanwhile, the cost of debt remained stable at a low level of 1.2%.

Klépierre's liquidity position⁽⁶⁾ stands at €2.6 billion, up €400 million compared to June 30, 2021, and covers all the Group's refinancing needs until May 2024.

ACT FOR GOOD®

Once again, Klépierre has been recognized as a worldwide leader for its CSR strategy and performance by several non-financial rating agencies.

First, GRESB, the leading ESG benchmark for real estate and infrastructure investments, ranked Klépierre top 1 of the “Global Retail Listed”, “Europe Retail Listed” and “Europe Listed” categories for the second year in a row and maintained the Five-Star rating. This achievement confirms Klépierre’s leadership in CSR and encourages the Group to press ahead with the array of measures implemented as part of its Act for Good® approach.

Klépierre’s ESG rating was also upgraded from “AA” to “AAA” (highest score achievable) by MSCI, proving its operational excellence while addressing environmental, societal and social challenges.

On top of these outcomes and despite the crisis, Klépierre pursued its CSR policy with a clear roadmap and ever greater determination to further improve the environmental performance of its assets. Over the last eleven months, energy consumption was reduced by 2.5% compared to 2020 and by 44% against the 2013 baseline, and now stands at 80 kWh/sq.m. (versus 86 kWh/sq.m. targeted for 2022). Likewise, water consumption decreased by 8% over the last eleven months and by 34% compared to 2019, while 97%⁽⁷⁾ of waste was recovered and reused, up 100 basis points compared to December 31, 2020.

OUTLOOK

Since reopening, footfall, sales and collection rates are improving fast and are close to pre-pandemic levels. Taken together, these signs of business resumption have led Klépierre to revise its full-year 2021 guidance upwards. Assuming no severe restrictions are implemented through to the end of 2021, the Group now expects full-year 2021 net current cash flow of at least €2.00 per share⁽²⁾, i.e., an increase of 11% compared to its previous forecast of €1.80.

(1) The data disclosed in this release, including those set out in the appendices, have not been audited.

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

(3) Change in retailer sales on a same store basis.

(4) All collection rates are as of October 20, 2021

(5) Computed based on 2021 estimated net rental income.

(6) Liquidity position is the sum of 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 period, confirmed and unused revolving credit facilities (net of commercial paper) and uncommitted credit facilities.

(7) Reporting period is from October 2020 to July 2021.

CHANGE IN RETAILER SALES THIRD-QUARTER 2021

Geography	Q3 2021 change ^(a)	Share in total reported retailer sales
France	0%	36%
Italy	+4%	25%
Scandinavia	+7%	15%
Iberia	+18%	9%
CE & Other	+25%	7%
Netherlands	+23%	3%
Germany	+8%	4%
TOTAL	+6%	100%

Segment	Q3 2021 change ^(a)	Share in total reported retailer sales
Fashion	+8%	38%
Culture, Gifts & Leisure	+5%	20%
Health & Beauty	+4%	13%
Food & Beverage	+9%	10%
Household Equipment	+1%	12%
Other	+9%	7%
TOTAL	+6%	100%

(a) Change in retailer sales on a same store basis.

COLLECTION RATE (BEFORE ABATEMENTS)^(a)

	H1 2021	Q3 2021	9M 2021
France	62.1%	88.9%	70.9%
Italy	76.2%	82.5%	78.3%
Scandinavia	94.5%	96.2%	95.0%
Iberia	85.5%	92.0%	87.7%
CE & Other	84.6%	86.4%	85.2%
Netherlands	79.0%	99.4%	85.7%
Germany	80.0%	93.9%	84.6%
TOTAL SHOPPING CENTERS	75.7%	89.9%	80.3%
TOTAL WITH OTHER RETAIL PROPERTIES	75.3%	90.0%	80.1%

(a) As of October 20, 2021, on a total share basis, excluding VAT and equity-accounted investees.

TOTAL REVENUES - TOTAL SHARE

<i>In millions of euros</i>	Q3 2021	Q3 2020	9M 2021	9M 2020
France	97.5	109.5	241.6	330.4
Italy	46.6	49.3	123.0	147.6
Scandinavia	32.7	42.6	117.9	126.2
Iberia	32.0	27.5	85.9	93.2
CE & Other	18.3	21.5	54.3	62.5
Netherlands	21.0	19.0	46.9	55.9
Germany	13.3	12.5	31.0	37.0
SHOPPING CENTERS GROSS RENTAL INCOME	261.3	281.9	700.6	852.9
Other retail properties	3.8	5.0	8.9	15.0
TOTAL GROSS RENTAL INCOME	265.2	286.8	709.5	867.8
Management, administrative and related income (fees)	18.7	15.8	49.8	50.7
TOTAL REVENUES	283.9	302.5	759.3	918.5
Equity-accounted investees*	19.2	21.1	50.1	60.5

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

AGENDA

February 16, 2022 2021 full-year earnings (after market close)
April 26, 2022 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 €21.5 billion at June 30, 2021, 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.

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