

PRESS RELEASE

# FIRST-QUARTER 2021 BUSINESS REVIEW

Paris — May 7, 2021

Klépierre, the European leader in shopping malls, today reported its first-quarter business update<sup>(1)</sup>. The main highlights include:

- **Shopping center reopening underway: 55% of our stores have already reopened and close to 95% are expected to be open by end-May<sup>(2)</sup>**
- **First-quarter shopping center gross rental income down 10%**
- **Strong rent collection rate at 65%<sup>(3)</sup> in a context of store closures, set to improve further when tenant negotiations are finalized**
- **When open, retailer sales remained highly resilient in March (87% of the March 2019 level)**
- **Net debt down to €9,016 million compared to December 31, 2020**
- **Proposed cash distribution of €1.00<sup>(5)</sup> per share**
- **2021 net current cash flow expected at €1.80<sup>(6)</sup> per share due to longer lockdowns than anticipated (2.6 months versus an anticipated 1.5 months)**
- **Klépierre recognized by BRE for its Act for Good<sup>®</sup> policy and included in the Euronext CAC 40 ESG Index**

**Jean-Marc Jestin, Chairman of the Klépierre Executive Board, commented,** *“With the expected reopening of our French shopping centers as from May 19, close to 95% of our portfolio will soon be open again, albeit with certain restrictions such as the trading ban at weekends in Italy. We are enthusiastic and confident in the rapid resumption of our business. We are already observing encouraging signs of recovery, proving that our vibrant malls continue to attract both shoppers and expanding retailers. As we turn the corner, I would like to pay special tribute to our teams, our retail partners and local stakeholders who have worked with us to prepare and implement all the reopening health measures designed to protect customers in our venues.*”

*Over the first quarter of 2021, almost all European countries in which Klépierre operates ordered the closure of retail activities for a period averaging 1.5 months, and before being gradually eased, these measures were extended in April for an aggregate period longer than anticipated. Based on the official reopening dates, we have revised our 2021 net current cash flow guidance at €1.80 per share. Furthermore, we are proposing a distribution of €1.00 per share in cash, which demonstrates our confidence in our business recovery.”*



## KEY FINANCIALS

	Q1 2021	Q1 2020	Reported Change
<i>In millions of euros, total share</i>			
Gross rental income — Shopping centers	262.5	291.9	-10.1%
Gross rental income — Other retail properties	4.0	5.3	-24.8%
<b>Total gross rental income</b>	<b>266.4</b>	<b>297.2</b>	<b>-10.3%</b>
Management and development fees	14.7	19.7	-25.1%
<b>Total revenues</b>	<b>281.2</b>	<b>316.8</b>	<b>-11.3%</b>

## OPERATING PERFORMANCE

### Operating context

Over the first quarter of 2021, Klépierre's activities were impacted by multiple trading restrictions enforced in almost all European countries in which Klépierre operates, except in Spain and Sweden. Stores in our malls were closed for an average of 1.5 months.

To date, 55% of our portfolio is open<sup>(2)</sup> (Denmark, Portugal, Norway, Netherlands, Poland, Spain, Sweden, and Italy, where malls are closed at weekends). Strict lockdowns in France, Germany and the Czech Republic are expected to be lifted in May or early June.

The current retail lockdown in France (35% of our portfolio) will be lifted on May 19 provided that the number of weekly contaminations does not exceed 400 cases per 100,000 inhabitants in the departments where the malls are located. As of today, all our malls are located in departments where the number of contaminations is below this threshold. Similarly, in the Czech Republic, malls are expected to reopen on May 10. Lastly, in Italy, restrictions related to the closure of stores at weekends are expected to be lifted in June.

Overall, close to 95% of stores (in rents)<sup>(2)</sup> are expected to be open by the end of May.

### Retailer sales

Over the first quarter of 2021, retailer sales reached 62% of the first-quarter 2020 level, largely reflecting the closure of stores in most European countries.

In Spain and Sweden, where retail has remained open to public – albeit subject to significant travel restrictions – retailer sales reached 77% and 85%, respectively, of first-quarter 2020 levels.

In France, in January when malls were open, retailer sales were 88% of the January 2020 level.

Lastly, retailer sales of stores that remained open in March reached 87% of the pre-Covid level (March 2019), demonstrating the strong resilience of Klépierre's malls in a challenging health environment.

### Rent collection<sup>(3)</sup>

Over the first quarter of 2021, the Group invoiced rents and service charges for a total of €334 million. As of April 30, the rent collection rate stood at 65% and is expected to increase further.

In France, the government announced a specific support program to help retailers pay their rent and charges for the closure period. This program, which is currently being reviewed by the EU Commission, should be implemented during the second half of the year.

### Leasing update

Letting operations regained momentum over the first quarter of 2021, with the volume of signed leases doubling compared to the second quarter of last year. This underscores the appeal of Klépierre's malls for retailers and is expected to renew the retail mix and consolidate occupancy going forward.

Among the transactions concluded recently in December, Klépierre signed an important deal with Primark for the opening of six new stores in France and Italy, underlining the long-standing partnership between the two companies and Klépierre's capacity to adapt its malls to support expanding retailers. The new stores will complement the 11 existing sites in Klépierre's portfolio.

Over the first quarter, sports retailers continued to expand as materialized by three deals with Snipes, two with Foot Locker in Italy and eight with Courir in France (including two new stores). Klépierre also continued to support the development of banners that resonate with consumer expectations, illustrated by two deals with FootKorner – the French street fashion retail chain – at Créteil Soleil and Belle Épine. Similarly, the new partnership with Base, a local Spanish sports retailer which opened its first two stores in Klépierre's portfolio, will further enrich the retail mix at La Gavia (Madrid, Spain) and Meridiano (Tenerife, Spain).

Beyond the sports segment, the Group also continued to support the growing momentum of innovative retailers – as showcased by deals with Samsung, Danish retailer Normal and high-tech reseller Hubsider – while rolling out Klépierre's Destination Food® concept, bringing on board a host of local and international food retailers in all regions such as Starbucks, KFC, T.G.I Friday's, La Pizzeria and Pitaya.

## Revenues

Klépierre's total revenues for the three-month period ended March 31, 2021 amounted to €281.2 million, an 11.3% decrease compared to the same period last year.

Gross rental income generated by shopping centers amounted to €262.5 million over the first quarter of 2021 on a total share basis, compared to €291.9 million for the same period last year, mainly reflecting the adjustment to variable revenues, a lower occupancy and the straight-line amortization under IFRS 16 of rent concessions granted in 2020.

Only mandatory abatements ordered by local authorities have been recognized so far. Discussions with retailers to adapt the financial terms of leases in exchange for concessions are ongoing. Where rent abatements are granted, they will be recognized as a deduction from gross rental income.

## DEVELOPMENT CAPEX

Since the outbreak of the pandemic, the Group has limited its capital expenditure to committed projects only. Accordingly, only €15 million was disbursed during the first quarter of 2021.

In Gran Reno (Bologna, Italy), the 16,500-sq.m. extension is progressing in line with the budget and is currently 75% pre-leased (estimated rents signed or in advanced negotiations). The opening is expected in spring 2022.

## DEBT AND FINANCING

As of March 31, 2021, the Group's liquidity position<sup>(4)</sup> remains strong at €2.4 billion, after the redemption of €864 million in bonds at term. All refinancing needs are covered until April 2024. Klépierre's consolidated net debt amounted to €9,016 million on a total share basis, with an average 1.2% cost of debt.

## ACT FOR GOOD®

In early 2021, Klépierre's ESG leadership was once again recognized by the Building Research Establishment (BRE), the world-leading organization for sustainable buildings. Klépierre received the BREEAM Award 2021 in the Responsible Investment Large Portfolio category, which recognizes projects and organizations that are leading the way with significant achievements in sustainable building design, development and management. This award is the result of the Act for Good® policy and the outstanding work of Klépierre's teams day-in, day-out to make shopping centers more efficient and ever more environmentally ambitious.

In another mark of its ESG leadership, the Klépierre share was included by Euronext in the CAC 40 ESG Index launched in March 2021. This new index consists of the 40 highest-performing companies in environmental, social and governance matters within the CAC Large 60.

## DISTRIBUTION

The Annual General Meeting to be held on June 17, 2021 will be invited to approve a proposed cash distribution of €1.00 per share in respect of fiscal year 2020<sup>(5)</sup> to be paid in a single installment on June 23, 2021.

## OUTLOOK

Based on official announcements on store reopenings, administrative closures would last the equivalent of 2.6 months for the whole portfolio instead of 1.5 months as initially expected. Consequently, and assuming no more store closures, the Group is adjusting its net current cash flow guidance for 2021 accordingly to €1.80 per share.<sup>(6)</sup>

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

(2) Italian shopping malls have been considered as fully open even if they are closed on weekends.

(3) As of April 30, 2021, on a total share basis, excluding VAT and equity-accounted companies.

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

(5) The proposed distribution of €1.00 per share would be an equity repayment within the meaning of paragraph 1 of Article 112 of the French Tax Code.

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

## TOTAL REVENUES

In € millions	Total share		Group share	
	Q1 2021	Q1 2020	Q1 2021	Q1 2020
France	93.9	103.9	75.6	84.4
Belgium	4.9	4.7	4.9	4.7
<b>France-Belgium</b>	<b>98.8</b>	<b>108.6</b>	<b>80.4</b>	<b>89.1</b>
<b>Italy</b>	<b>47.9</b>	<b>51.0</b>	<b>47.3</b>	<b>50.4</b>
Norway	15.6	15.8	8.7	8.9
Sweden	13.7	13.9	7.7	7.8
Denmark	12.2	13.7	6.8	7.7
<b>Scandinavia</b>	<b>41.5</b>	<b>43.3</b>	<b>23.3</b>	<b>24.3</b>
Spain	25.2	29.3	25.2	29.3
Portugal	2.8	4.6	2.8	4.6
<b>Iberia</b>	<b>28.0</b>	<b>33.9</b>	<b>28.0</b>	<b>33.9</b>
Czech Republic	8.2	7.9	8.2	7.9
Poland	7.5	8.7	7.5	8.7
Turkey	2.9	5.0	2.6	4.5
Other	0.4	0.9	0.4	0.9
<b>CE &amp; Other</b>	<b>18.9</b>	<b>22.5</b>	<b>18.6</b>	<b>22.0</b>
<b>Netherlands</b>	<b>16.4</b>	<b>20.1</b>	<b>16.4</b>	<b>20.1</b>
<b>Germany</b>	<b>11.0</b>	<b>12.4</b>	<b>10.5</b>	<b>11.9</b>
<b>SHOPPING CENTER GROSS RENTAL INCOME</b>	<b>262.5</b>	<b>291.9</b>	<b>224.6</b>	<b>251.7</b>
Other retail properties	4.0	5.3	4.0	5.3
<b>TOTAL GROSS RENTAL INCOME</b>	<b>266.4</b>	<b>297.2</b>	<b>228.6</b>	<b>257.0</b>
Management and development fees	14.7	19.7	13.9	18.7
<b>TOTAL REVENUES</b>	<b>281.2</b>	<b>316.8</b>	<b>242.5</b>	<b>275.7</b>
Equity-accounted companies*	18.1	21.4	17.3	20.6

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

## COLLECTION RATE <sup>(a)</sup>

	Q1 2021
France-Belgium	57%
Italy	47%
Scandinavia	90%
Iberia	80%
CE & Other	66%
Netherlands	66%
Germany	69%
<b>TOTAL SHOPPING CENTERS</b>	<b>65%</b>
Other retail properties	27%
<b>TOTAL</b>	<b>64%</b>

(a) As of April 30, 2021, on a total share basis, excluding VAT and equity-accounted companies.

## AGENDA

<b>June 17, 2021</b>	Annual General Meeting
<b>June 21, 2021</b>	Ex-dividend date
<b>June 23, 2021</b>	Distribution payment
<b>July 27, 2021</b>	First-half 2021 earnings (after market close)
<b>October 22, 2021</b>	Business review for the first nine months of 2021 (before market opening)

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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 €21.9 billion at December 31, 2020, 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, EPRA Euro Zone and GPR 250 indexes. It is also included in ethical indexes, such as Euronext CAC 40 ESG Index, DJSI World and Europe, FTSE4Good, STOXX® Global ESG Leaders, Euronext Vigeo France 20 and World 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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