PRESS RELEASE

2018 FULL-YEAR EARNINGS

Paris – February 6, 2019

Klépierre, the pan-European leader in shopping malls, today reported earnings for full-year 2018 ended December 31, 2018.[1] The main highlights include:

- **Net current cash flow per share +6.5% vs. 2017 at €2.65, exceeding initial guidance of €2.57–€2.62**
- **Cash dividend proposal[2] of €2.10 per share, +7.1% vs. previous year**
- **Shopping center Net Rental Income +3.4% like-for-like,[3] outperforming indexation by 220 bps**
- **Net debt down year on year; cost of debt reduced by another 20 bps to 1.6%**
- **EPRA Net Asset Value per share +2.3% over twelve months to €40.50[4]**
- **Total disposals in 2018 for €613.4 million[5]**
- **New €400-million share buyback program**
- **Net current cash-flow guidance for full-year 2019 at €2.72–€2.75**

Jean-Marc Jestin, Chairman of the Executive Board, commented, *"Once more, Klépierre has posted record results in 2018, as our 6.5% increase in net current cash flow per share significantly exceeded our initial guidance. In a retail industry undergoing a profound transformation, this outstanding performance reflects our ability to meet the new expectations of our retailers and consumers, thanks to our high quality mall portfolio in growing and wealthy catchment areas, our operational customer-centric excellence, and the leasing and marketing expertise of our dedicated teams across Europe. Combined with a further reduction in our leverage, this performance leads us to propose a 7.1% increase in our cash dividend, to €2.10 per share. Our guidance for 2019 demonstrates our confidence in the future and in our ability to continue to create value by designing places for people to shop, meet and connect, and by co-creating the future of retail with all our stakeholders."*

KEY FINANCIALS

	2018	2017	Reported change	Like-for-like change[3]
In € millions, Total Share				
Total revenues	1,338.3	1,321.6	+1.3%	–
Net Rental Income (NRI), shopping centers	1,095.6	1,078.6	+1.6%	+3.4%
Property portfolio valuation (incl. transfer taxes)	24,439.6	24,419.3	+0.1%	+1.5%
Net debt	8,875.1	8,978.5	−1.2%	–
Loan-to-Value (LTV)	36.3%	36.8%	−50 bps	–
In €, Group Share				
EPRA Net Asset Value (NAV) per share	40.50	39.60	+2.3%	–
Net current cash flow per share	2.65	2.48	+6.5%	–

KLEPIERRE

OPERATING PERFORMANCE

Retailer Sales

On a like-for-like basis[3] total retailer sales at Klépierre's malls rose by 0.9% in 2018 versus 2017. Over the first 11 months of 2018, retailer sales (up 1.2%) outperformed aggregate national retailer sales indices by 80 basis points.[6] In the fourth quarter, the trend improved with growth of 1.4%, in all countries except in France, where sales decreased in the last two months of the year as a result of the "yellow vests" protest movement (France down 0.7% in Q4; all areas excluding France up 2.3% in Q4).

On a geographic basis, as in 2017, the most dynamic regions in 2018 remained Iberia (up 4.9%) and Central Europe (CE) & Turkey (up 5.0%). Growth in Spain came out at 4.8%, on the back of supportive consumer spending trends and the leading positioning of Klépierre's malls, which has been strengthened by recent re-tenanting initiatives. The CE & Turkey performance was driven mainly by the strength of Hungary (up 9.1%) on the back of government's measures to raise public sector and minimum wages, and Turkey (up 11.8%) due to higher inflation; conditions were softer in Poland (down 0.8%) as a result of the Sunday trading ban put in place last March. While retailer sales in Italy improved slightly during the fourth quarter (up 0.9%), they declined by 1.6% over the year, due to challenging economic conditions and new competition in the north of the country.

Food & Beverage was the best-performing segment over the course of 2018, with growth of 5.1% powered by the rollout of Klépierre's Destination Food® concept in several shopping centers across Europe. Health & Beauty benefited from leasing initiatives to deploy trendy new concepts (Rituals: 9 new stores; Normal: 6 new stores, etc.) to post solid 4.9% growth. In the Culture, Gifts & Leisure segment, Sports reported a strong increase, bolstered by the expansion in our malls of retailers such as JD Sports, Adidas, Snipes and Decathlon. Inclement weather conditions impacted the Fashion segment (down 1.0%), in what remains a competitive market.

Leasing

In 2018, leasing activity remained robust with 1,762 leases signed, including 1,478 renewals and re-lettings. These generated €14.6 million in additional minimum guaranteed rents (MGR; excluding extensions and greenfield projects), for positive rental reversion of 11.1%. Overall, the EPRA Vacancy Rate was stable at 3.2%. Bad debt allowances remained low at 1.7% (versus 1.5% in 2017).

Through the leasing initiatives undertaken in 2018, Klépierre continued to adapt its tenant mix in line with evolving consumer expectations. The Group continued to give priority to fashion flagship stores, which are better suited to an omni-channel retail environment, while reducing the space allocated to smaller fashion boutiques. Klépierre also put more emphasis on other segments such as Health & Beauty, Sports and Food & Beverage. These initiatives have translated into a sustained deal flow with expanding retailers, including Rituals (11 leases including 9 new stores), Inditex (14 leases including 5 new stores), Bestseller (15 leases including 10 new stores), Calzedonia (14 leases including 7 new stores), Courir (6 leases including 5 new stores), Normal (6 new stores), and Levi's (8 leases including 6 new stores) among others.

This strategy has significantly reinforced the retail offering in many Klépierre malls, including Milanofiori (Milan), Field's (Copenhagen), Nový Smíchov (Prague) and Rives d'Arcins (Bordeaux).

Net Rental Income

Net rental income (NRI) generated by shopping centers amounted to €1,095.6 million for the year 2018, a 1.6% increase on a reported-portfolio, total share basis from 2017. This increase reflects:

- A €34.6 million **like-for-like increase** in shopping center NRI (up 3.4%)[3] driven by indexation (1.2% positive impact), solid reversion, and higher income from specialty leasing (including pop-up stores);
- A €24.6 million **positive scope impact**, reflecting the contribution from Nueva Condomina in Spain, acquired in the first half of 2017, and that of the openings of the Hoog Catharijne redevelopment in Utrecht (Netherlands) and of the Prado in Marseille (France);
- A negative €22.0 million impact from **disposals**; and
- A negative €20.1 million impact attributable to the depreciation of the Turkish lira, the Swedish krona and the Norwegian krone, as well as to other non-recurring items.

NET CURRENT CASH FLOW

In 2018, net current cash flow per share rose by 6.5% year-on-year to €2.65, significantly exceeding Klépierre's initial guidance of €2.57–€2.62. This strong performance reflects the combined impact of the following:

- **Net Rental Income** increased by 1.2% on a total share basis, powered by the 3.4% like-for-like growth in shopping center NRI;
- **Operating cash flow** rose by 1.6% on a total share basis, outpacing net rental income thanks primarily to €4 million[7] savings in general and administrative costs. This translated into a further improvement in Klépierre's EPRA cost ratio from 16.3% to 15.6%;[8]
- **Annual cost of debt** reduced by €18.2 million to €151.6 million on a total share basis. Restated for non-cash and non-recurring items,[9] cost of debt amounted to €142.3 million in 2018, representing a €13.3-million year-on-year reduction, and shaving the average cost of debt by 20 bps to 1.6%; and
- The **average number of shares** outstanding decreased from 306 million to 300 million in 2018 as a result of the share buyback program.

Portfolio Valuation

Including transfer taxes, the value of Klépierre's shopping center portfolio stood at €24,083 million on a total share basis as of December 31, 2018, an increase of 0.2% or €43 million on a reported basis and 1.5% on a like-for-like basis over 12 months.[3]

The 1.5% like-for-like increase in the shopping center portfolio valuation was supported by Italy (up 3.1%), Iberia (up 3.4%) and CE & Turkey (up 4.2%). It occurred primarily in the first half, while values remained broadly flat in the second half (down 0.2%).

Overall, as of December 31, 2018, the average EPRA Net Initial Yield (NIY) of the shopping center portfolio[10] stood at 4.9%, a 10-bp increase compared to one year ago.

EPRA Net Asset Value (NAV)

EPRA NAV per share amounted to €40.50 at the end of December 2018, versus €39.60 one year earlier.[4] This improvement reflects net current cash flow generation (€2.65 per share) and the increase in the value of the like-for-like portfolio (€0.87 per share), partly offset by the dividend payment (€1.96 per share). Foreign exchange and other items had a negative impact of €0.66 per share.

DEBT AND FINANCING

Debt

At December 31, 2018, Klépierre's consolidated net debt totaled €8,875 million, compared with €8,978 million at December 31, 2017, i.e. a €103 million reduction. As a result, Klépierre continued to improve its net debt to EBITDA ratio to 8.3x (compared to 8.6x at December 31, 2017) while the Loan-to-Value (LTV) ratio decreased to 36.3%[11] (vs. 36.8% one year ago), anchored in Klépierre's long-term LTV target of between 35% and 40%.

Financing

Klépierre continued to reduce its average cost of debt to 1.6% in 2018 from 1.8% in 2017, as it benefited from the low interest rates environment which materialized in attractive refinancing transactions carried out in 2018 and 2017. The Group also actively pursued its interest rate hedging strategy, which aims to maintain a large proportion of fixed-rate financing in its total debt (96% as at December 2018). Based on the current debt structure and market conditions, and in view of upcoming refinancing transactions, the cost of debt is expected to remain low over the next three years.

Klépierre's liquidity position increased to €2.2 billion as of December 31, 2018. Overall, Klépierre maintained the average maturity of its total debt at 5.7 years as of December 31, 2018.

INVESTMENT, DEVELOPMENT AND DISPOSITION

Investment

In 2018, Klépierre kept allocating capital to its properties through the following investments:

- €205 million allocated to the **development pipeline**, primarily relating to the extensions of:
  - Hoog Catharijne: In the leading mall of the Netherlands, after the opening of the North Mile in April 2017, Klépierre unveiled the South Mile in November 2018. This has translated into a 9.1% footfall increase to 27.5 million. In 2019 and 2020, works will focus on the redevelopment of the mall lateral wings, which are used on a daily basis by station passengers as urban links to the city center; and
  - Créteil Soleil (Paris region, France), where works are advancing on schedule and should be completed by the end of 2019. Leasing is progressing very well, with 81% of the space already let (signed or in advanced negotiations), at better conditions than initially budgeted. The expected yield-on-cost has been raised accordingly from 5.7% to 6.0%.
- €127 million allocated to the **standing portfolio** (of which €31 million are recharged to tenants) consisting in technical maintenance capex, refurbishment (excluding extensions) and leasing capex; and
- €110 million allocated to the **acquisitions** of additional spaces in some of our malls in Italy, as well as the minority interests of a Spanish partnership.

Disposition

In 2018, Klépierre completed disposals for €539.2 million (total share, excluding transfer taxes). This amount includes the sale of seven non-core malls (three in Italy, two in Hungary, one in France and one in Spain) and other non-retail assets (in Cologne, Budapest and Stavanger). These transactions were completed slightly above appraised values at an average yield of 5.7%.

As of December 31, 2018, taking into account sale promissory agreements, total Group disposals amounted to €613.4 million.

Share Buyback Program

In 2018, Klépierre repurchased 4,655,441 of its own shares for a total amount of €150 million. Combined with the €350 million repurchased in 2017, this completes the €500-million share buyback program announced on March 13, 2017.

Klépierre has decided to launch a new €400-million program, with the pace of execution planned to match that of its asset disposals.

DIVIDEND

The Executive Board will recommend that the shareholders present or represented at the Annual General Meeting to be held on April 16, 2019, approve the payment of a cash dividend in respect of fiscal year 2018 of €2.10 per share.[12] This represents a 7.1% increase on the €1.96 dividend paid for fiscal year 2017, and is consistent with Klépierre's general policy of distributing 80% of its net current cash flow on a Group share basis.

Beginning this year, the dividend will be paid in two equal installments of €1.05 on March 11, 2019 and July 10, 2019.

OUTLOOK

In 2019, based on European macroeconomic forecasts marked by slower GDP growth, lower unemployment, and rising inflation, Klépierre expects to generate a net current cash flow per share of between €2.72 and €2.75.

(1) The Supervisory Board met at the Klépierre's headquarters on February 5, 2019 to examine the full-year financial statements, as approved by the Executive Board on January 30, 2019. The consolidated financial statements have been subject to audit procedures. The statutory auditors' report is to be issued with the registration document.

(2) In respect to fiscal year 2018, the Executive Board will propose the payment of a cash dividend of €2.10 per share to the shareholders at their annual general meeting to be convened on April 16, 2019.

(3) Like-for-like change is on a same-center basis and excludes the contribution from acquisitions, new centers and extensions, spaces under restructuring, disposals completed since January 2018, and foreign exchange impacts.

(4) Figures rounded to the nearest 10 cents.

(5) Completed or under promissory agreements; disposals (total share basis, excluding transfer taxes) since January 1, 2018.

(6) Compound index based on the following national retailer indices weighted by the share of each country in Klépierre's total NRI: CNCC (France), ISTAT (Italy), INE (Iberia), Destatis (Germany), Kvarud (Norway), HUI (Sweden), Danmarks statistic (Denmark), REindex (Poland), KSH (Hungary), CZSO (Czech Republic), CBS (Netherlands), and AYD (Turkey).

(7) Restated for non-cash and non-recurring items (employee benefits, stock option expense and severance packages).

(8) Excluding direct vacancy costs.

(9) Non-cash and non-recurring items include amortization of Corio debt mark-to-market and financial instrument close-out costs.

(10) Group share for the shopping center portfolio appraised (i.e., excluding offices, retail parks, and boxes attached to shopping centers)

(11) On a total share basis

(12) As part of the proposed €2.10 dividend amount per share, €1.13 stems from the SIIC-related activity of the group and therefore will not be eligible for the 40% tax relief provided for in Article 158-3-2 of the French Tax Code *(Code général des impôts)*.

12-MONTH RETAILER SALES LIKE-FOR-LIKE CHANGE 2018 VS. 2017

Countries	Like-for-like change[a]	Share in total reported retailer sales
France	+0.6%	30%
Belgium	−3.2%	2%
France-Belgium	**+0.4%**	**32%**
Italy	**−1.6%**	**25%**
Norway	−1.2%	9%
Sweden	−0.6%	7%
Denmark	−3.1%	4%
Scandinavia	**−1.4%**	**20%**
Spain	+4.8%	8%
Portugal	+5.2%	3%
Iberia	**+4.9%**	**11%**
Czech Republic	+1.5%	1%
Poland	−0.8%	3%
Hungary	+9.1%	2%
Turkey	+11.8%	2%
CE &Turkey	**+5.0%**	**8%**
Netherlands[b]	**n.m.**	**n.m.**
Germany	**+0.1%**	**3%**
TOTAL	+0.9%	100%

Segments	Like-for-like change[a]	Share in total reported retailer sales
Fashion	−1.0%	39%
Culture, Gift and Leisure	+1.1%	18%
Health & Beauty	+4.9%	13%
Household Equipment	+0.5%	12%
Food & Beverage	+5.1%	11%
Others	−1.3%	7%
TOTAL	+0.9%	100%

(a) Like-for-like change is on a same-center basis and excludes the impact of asset sales, acquisitions and foreign exchange.
(b) Only recently-opened shops in Hoog Catharijne (Utrecht) and a few retailers in Alexandrium (Rotterdam) report their sales to Klépierre.

TOTAL REVENUES

	Total Share		Group Share	
In €m	2018	2017	2018	2017
France	427.0	420.1	348.0	344.5
Belgium	19.1	18.0	19.1	18.0
France-Belgium	**446.1**	**438.1**	**367.1**	**362.6**
Italy	**210.3**	**210.3**	**207.1**	**207.0**
Norway	71.1	72.4	39.9	40.6
Sweden	59.4	62.4	33.3	35.0
Denmark	57.6	57.8	32.3	32.4
Scandinavia	**188.1**	**192.5**	**105.5**	**108.0**
Spain	111.2	101.6	111.2	98.7
Portugal	23.7	22.0	23.7	22.0
Iberia	**134.9**	**123.6**	**134.9**	**120.6**
Poland	35.1	34.0	35.1	34.0
Hungary	23.6	22.7	23.5	22.7
Czech Republic	34.2	30.8	34.2	30.8
Turkey	24.6	33.9	22.2	31.3
Others	3.1	3.0	3.1	2.8
CE & Turkey	**120.6**	**124.5**	**118.2**	**121.5**
Netherlands	**75.1**	**64.6**	**75.1**	**64.6**
Germany	**51.8**	**54.4**	**49.3**	**51.8**
SHOPPING CENTERS GROSS RENTAL INCOME	1,226.8	1,208.0	1,057.2	1,036.2
Other retail properties	25.4	28.0	25.4	28.0
TOTAL GROSS RENTAL INCOME	1,252.2	1,236.0	1,082.6	1,064.1
Management, administrative and related income (fees)	86.0	85.6	81.8	81.5
TOTAL REVENUES	1,338.3	1,321.6	1,164.5	1,145.6
Equity Accounted Investees*	83.6	82.5	80.0	78.7

* 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

	2018				2017			
In €m	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
France	95.5	99.0	99.1	93.4	93.3	97.2	98.1	89.5
Belgium	4.5	4.8	4.3	4.4	4.9	4.0	4.2	3.7
France-Belgium	**100.1**	**103.9**	**103.4**	**97.8**	**98.1**	**101.2**	**102.3**	**93.2**
Italy	**48.1**	**52.2**	**51.6**	**44.5**	**51.0**	**50.6**	**50.8**	**42.7**
Norway	15.9	15.7	16.4	16.0	15.7	16.3	16.3	17.1
Sweden	12.8	13.5	13.9	13.4	13.9	14.0	14.0	14.2
Denmark	12.6	12.8	13.2	12.4	13.3	12.5	12.5	12.8
Scandinavia	**41.3**	**42.0**	**43.5**	**41.7**	**42.9**	**42.8**	**42.8**	**44.1**
Spain	24.1	25.4	24.8	24.9	23.5	24.7	21.7	19.7
Portugal	5.3	6.0	5.2	5.5	4.9	5.5	4.9	5.1
Iberia	**29.4**	**31.4**	**30.0**	**30.4**	**28.4**	**30.2**	**26.6**	**24.8**
Poland	7.8	8.1	7.8	8.0	7.8	8.0	7.7	8.0
Hungary	4.3	5.9	5.8	5.8	5.7	5.4	4.8	5.3
Czech Republic	8.9	8.3	8.1	8.0	7.7	7.7	7.4	7.5
Turkey	3.8	3.8	5.7	5.2	7.1	7.4	7.3	6.9
Others	0.6	0.6	0.8	0.7	0.9	0.2	0.6	0.6
CE & Turkey	**25.4**	**26.7**	**28.2**	**27.8**	**29.1**	**28.7**	**27.7**	**28.3**
Netherlands	**17.6**	**15.0**	**14.6**	**9.5**	**13.2**	**13.4**	**13.2**	**9.5**
Germany	**10.0**	**10.3**	**9.9**	**9.3**	**10.5**	**11.3**	**11.8**	**9.3**
SHOPPING CENTERS NET RENTAL INCOME	272.0	281.5	281.3	261.0	273.3	278.2	275.2	251.9
Other activities	5.1	6.2	6.1	6.1	6.5	6.2	7.2	7.1
TOTAL NET RENTAL INCOME	277.0	287.6	287.3	267.1	279.8	284.4	282.4	259.0

NET CURRENT CASH FLOW

	2018	2017	Change
Total share, in €m			
Gross rental income	1,252.2	1,236.0	+1.3%
Rental and building expenses	(133.2)	(130.4)	+2.2%
Net rental income	**1,119.0**	**1,105.6**	**+1.2%**
Management and other income	94.9	96.1	−1.3%
General and administrative expenses	(188.2)	(189.5)	−0.7%
EBITDA	**1,025.7**	**1,012.2**	**+1.3%**
Adjustments to calculate operating cash flow exclude:			
Employee benefits, stock-options expenses and non-current operating expenses	17.2	14.4	
Operating cash flow	**1,042.9**	**1,026.7**	**+1.6%**
Cost of net debt	(151.6)	(169.8)	−10.7%
Adjustments to calculate net current cash flow before taxes exclude:			
Corio's debt mark-to-market amortization	(19.7)	(34.4)	
Financial instruments close-out costs	29.0	48.5	
Net current cash flow before taxes	**900.6**	**871.0**	**+3.4%**
Share in equity method investees	54.1	51.5	
Current tax expenses	(31.2)	(29.2)	
Net current cash flow	**923.5**	**893.4**	**+3.4%**
Group share, in €m			
NET CURRENT CASH FLOW	793.7	760.6	+4.3%
Number of shares*	299,913,706	306,084,849	
Per share, in €			
NET CURRENT CASH FLOW	2.65	2.48	+6.5%

* Average number of shares, excluding treasury shares.

2018 FULL-YEAR EARNINGS WEBCAST – PRESENTATION AND CONFERENCE CALL

The Klépierre Executive Board will present the 2018 full-year earnings on **Thursday, February 7, 2019 at 9:00 am Paris time (8:00am London time).** Please visit the Klépierre website **www.klepierre.com** to listen to the webcast, or click **here**.

A replay will be also available after the event.

AGENDA

March 11, 2019	Interim Dividend Payment
April 16, 2019	Annual General Meeting
April 18, 2019	First Quarter Business Review (before market opening)
July 10, 2019	Final Dividend Payment
July 24, 2019	2019 First-Half Earnings (after market close)

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ABOUT KLÉPIERRE

Klépierre, the pan-European leader in shopping malls, combines development, property and asset management skills. The company's portfolio is valued at €24.4 billion at December 31, 2018 and comprises large shopping centers in 16 countries in Continental Europe which together host 1.1 billion 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 included in the CAC Next 20, EPRA Euro Zone and GPR 250 indexes. It is also included in ethical indexes, such as DJSI World and Europe, FTSE4Good, STOXX® Global ESG Leaders, Euronext Vigeo France 20 and World 120, and figures 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**

This press release and its appendices together with the earnings presentation slideshow are available on the Klépierre website: **www.klepierre.com**