PRESS RELEASE

# 2023 FULL-YEAR GUIDANCE RAISED TO AT LEAST €2.40 PER SHARE (+7% Y.O.Y)

Paris — August 1, 2023

Klépierre, the European leader in shopping malls, delivered a very solid growth performance over the six-month period ended June 30, 2023[(1)]:

- **Net current cash flow per share at €1.21[(2)], up 7.4% vs. first half 2022**
- **Like-for-like[(3)] net rental income up 7.3% year-on-year**
- **Operating KPIs at high levels:**
  - **Occupancy at 95.7%, up 100 basis points year-on-year**
  - **Occupancy cost ratio at 12.8%**
  - **Collection rate at 96.5%**
  - **Positive reversion rate of 5.3%**
- **Retailer sales[(4)] up 8% like-for-like compared to the same period last year**
- **Solid balance sheet and credit metrics:**
  - **Net debt below December 2022 levels at €7.4 billion**
  - **Net debt to EBITDA at 7.9x, LTV at 38.1%, ICR at 8.8x and cost of debt at 1.4%**
  - **Interest rate hedging at 100% in 2023 and 98% in 2024**
  - **Double investment grade: new A- rating assigned by Fitch in May; BBB+ stable outlook confirmed by S&P in June**
- **€730 million in long-term financing closed year-to-date with an average maturity of 6.4 years**
- **€475 million in committed credit facilities renewed or signed since January 1, 2023**
- **Shopping centers portfolio valuation down 1.4% like-for-like[(3)] over six months**
- **2023 net current cash flow guidance raised to at least €2.40 per share, 7% higher than 2022[(5)]**

**Jean-Marc Jestin, Chairman of the Executive Board, commented:** *"We delivered a very solid performance underpinned by the consolidation of our operating indicators at high levels and strong net current cash flow generation, up 7.4% year-on-year. Klépierre's focus on strict financial discipline and cautious capital allocation has been rewarded by the credit rating agencies, while the Group benefited from strong liquidity in the debt capital markets, closing €1.2 billion in new financing. Against this backdrop, Klépierre is revising its 2023 full-year guidance upward and now expects net current cash flow to reach at least €2.40 per share, pointing to growth of 7% compared to 2022. The Group is also prioritizing its holistic approach and is continuing to execute its Act4Good™ strategy with the aim of building the most sustainable platform for commerce by 2030."*

KLEPIERRE

## KEY FINANCIALS

| | H1 2022 | H1 2023[2] | Change |
|---|---|---|---|
| *In millions of euros, total share* | | | |
| Net Rental Income (NRI) | 441.7 [6] | 484.1 | +7.3% (like-for-like change[3]) |
| *In euros, Group share* | | | |
| Net current cash flow per share | 1.13 [7] | 1.21 | +7.4% |

| | 12/31/2022 | 06/30/2023 | Like-for-like change |
|---|---|---|---|
| *In millions of euros, total share* | | | |
| Shopping centers portfolio valuation[8] | 19,595 | 19,200 | -1.4% |
| Net debt | 7,479 | 7,403 | |
| Loan-to-Value (LTV) | 37.7% | 38.1% | |
| Net debt to EBITDA | 7.9x | 7.9x | |
| Interest coverage ratio (ICR) | 10.0x | 8.8x | |
| *In euros, Group share* | | | |
| EPRA Net Tangible Assets (NTA) per share | 30.90 | 30.10 | |

## OPERATING PERFORMANCE

### Leasing activity

Klépierre registered a dynamic leasing performance over the first half of the year, highlighted by the signing of 809 leases (up 16% compared to the first half of 2022). Dealflow included 634 renewals and re-lettings, with a 5.3% positive reversion rate. The Group's shopping destinations are irreplaceable venues for retailers and clients to Shop. Meet. Connect.® and dovetail perfectly with the drive-to-store strategy of the leading omnichannel brands. In this context, the flight to quality in affluent catchment areas pursued by retailers over recent years is supporting demand for space in the Group's assets. Overall, this translated into a 100-basis-point year-on-year increase in occupancy to 95.7% as of June 30, 2023 (vs. 95.8% as of December 31, 2022) while the occupancy cost ratio remained at the sustainable level of 12.8% (versus 12.9% as of December 31, 2022).

### Net Rental Income

Net rental income amounted to €484.1 million[2] in the first half of 2023, a record 7.3% like-for-like[3] year-on-year increase.

The rebound in retailer sales as well as the sustainable occupancy cost ratio for tenants have allowed the Group to capture reversion through a weighted 6.1% positive indexation effect, and to deliver a remarkable 28% like-for-like increase in our ancillary income (turnover rents up 36%, parking lot revenues up 32% and specialty leasing revenues up 13%). Growth was also supported by disciplined management of property charges which translated into an improvement in the ratio of gross to net rental income.

The Group's rent collection rate was 96.5% for the first half of 2023, in line with the December 31, 2022 figure (96.4%).

## NET CURRENT CASH FLOW

Over the first half of 2023, net current cash flow increased by 7.4% year on year to €1.21[2] per share. While most of the improvement is attributable to the net rental income growth performance, the 7% reduction – despite the inflationary environment – in the Group's payroll, general and administrative expenses (net of management and other income) also contributed to the performance.

## RETAILER SALES[4] AND FOOTFALL

Like-for-like growth in **retailer sales** was solid over the first half of 2023, up 8.0% compared to the same period in 2022.

**Footfall** also jumped by 10% during the period compared to first-half 2022.

By **geographic area**, all countries contributed to the growth and exceeded first-half 2022 retailer sales levels, by at least 5%.

Retailer sales growth was strong across most **segments**, with increases ranging from 6.4% for fashion to 16.5% for food & beverage. Health & beauty outperformed the Group average with growth of 10.8% while household equipment was down slightly by -1.6%.

### Retailer sales by geography compared to 2022[4]

| Country | Like-for-like change | Share in total reported retailer sales |
|---|---|---|
| France | +5.7% | 40% |
| Italy | +8.7% | 25% |
| Scandinavia | +6.4% | 12% |
| Iberia | +11.2% | 10% |
| Netherlands & Germany | +17.4% | 7% |
| Central Europe | +9.9% | 6% |
| TOTAL | +8.0% | 100% |

### Retailer sales by segment compared to 2022[4]

| Segment | Like-for-like change | Share in total reported retailer sales |
|---|---|---|
| Fashion | +6.4% | 34% |
| Culture, gifts & leisure | +7.4% | 21% |
| Health & beauty | +10.8% | 15% |
| Food & beverage | +16.5% | 13% |
| Household equipment | -1.6% | 11% |
| Other | +14.6% | 6% |
| TOTAL | +8.0% | 100% |

## PORTFOLIO VALUE AND EPRA NET TANGIBLE ASSETS (NTA)

Including transfer taxes, Klépierre's shopping centers portfolio stood at €19,200[8] million on a total share basis as of June 30, 2023, down 1.4% like-for-like[3] over six months. The independent appraisers factored in revised estimates as follows:

> A 20-basis-point increase in discount rates to 7.4% and a 10-basis-point increase for exit rates to 5.7%; and

> New indexation and ERV projections translating into a compound annual growth rate of 2.4% for the next 10 years, versus 2.8% as of December 31, 2022.

Consequently, the EPRA Net Initial Yield [9] stood at 5.7%, as of June 30, 2023.

EPRA NTA per share amounted to €30.10 as of June 30, 2023, compared to €30.90 as of December 31, 2022.

## DEBT AND FINANCING

As of June 30, 2023, consolidated net debt was down to €7,403 million versus end-2022, after the payment of the €248 million cash dividend on March 30, 2023.

Year to date, the Group has raised new financing totaling €730 million with a 6.4-year weighted average maturity. This amount includes €412 million in unsecured bank loans and €118 million in secured loans. Klépierre also sold €200 million of new notes on its existing bonds maturing in May 2029 (2% coupon) and July 2030 (0.625% coupon). These operations illustrate Klépierre's very well-established access to the capital markets.

The Group has no significant maturities before end 2024 with a €557 million bond maturing in November of that year.

The Group credit metrics remain very robust:

- Net debt to EBITDA ratio stood at 7.9x;
- Loan-to-Value ratio stood at 38.1%; and
- Interest coverage ratio at the high level of 8.8x.

The average maturity of the Group's debt was 6.5 years and the hedging rate for 2023 is 100%. Consequently, the cost of debt was contained at the low level of 1.4%. At the date of this release, the Group hedging rate[(10)] for 2024 stands at 98%.

Over the period, Klépierre also renewed or signed €475 million worth of six-year revolving credit facilities, translating into a liquidity position[(11)] of €2.5 billion as of June 30, 2023.

On May 30, 2023, Fitch assigned Klépierre a first-time rating of 'A-' for its senior unsecured-debt, while S&P confirmed Klépierre's BBB+ credit rating with a stable outlook on June 9, 2023.

## DEVELOPMENTS AND DISPOSALS

### Developments

#### Extension of Grand Place (Grenoble, France)

The 16,200 sq.m. extension of Grand Place (Grenoble, France) which started in May 2022 is expected to be delivered by the end of 2023 and will bring the mall's total leasable area to 75,000 sq.m. All of the projected net rental income is already let or under advanced negotiations, with leading brands such as Primark which is set to open its first store in the region – Snipes, Jott and NYX, and the food court has been upgraded to the latest standards of Klépierre's Destination Food® strategy. Yield on cost for this project is projected at around 8%. In line with its energy sobriety strategy, Klépierre is also finalizing the installation of a solar plant on the roof of the mall, with a targeted annual production capacity of 370 MWh.

#### Maremagnum (Barcelona, Spain)

In early 2024, Time Out Market will inaugurate its first location in Spain and second in Europe, just in time for the America's Cup. As a key footfall anchor for the mall, the exclusive food and cultural concept will turn Maremagnum's newly-refurbished 5,200 sq.m. rooftop into Barcelona's leisure food and beverage hotspot. Yield on cost for this project is projected at 13.5%.

### Disposals

Since January 1, 2023, the Group has closed or signed disposals for a total amount of €82 million (total share, excluding transfer taxes) in France and Sweden. Assets sold or under promissory agreements were divested in line with the latest appraised values (-0.2%).

## ACT4GOOD™: KLÉPIERRE REMAINS AT THE FOREFRONT OF ESG BEST PRACTICES

On the back of its major achievements in sustainable development, Klépierre's leadership is widely acknowledged by the leading non-financial rating agencies and international organizations. In 2022, the Group was rewarded with the highest levels of recognition by:

> GRESB: ranked number 1 in the "Global Retail Listed", "Europe Retail", "Europe Retail Listed" and "Europe Listed" categories with a five-star rating and an overall score of 98/100;
> CDP: among just 299 groups worldwide included in the "A" list of the most advanced companies fighting climate change at a global level;
> Euronext: included in the CAC SBT 1.5° index; and
> MSCI: rated "AAA" (highest score achievable).

The Science-Based Targets initiative (SBTi) approved Klépierre's low-carbon commitments as among the most ambitious 1.5°C-aligned targets, in accordance with the 2015 Paris Agreement.

In concrete terms, over the first half of 2023, Klépierre started to roll-out its new Act4Good™ CSR strategy. Featuring an expanded scope with new challenges, this strategy is designed to enable the Group to build the most sustainable platform for commerce by 2030. Among other initiatives, the Group is stepping up the deployment of photovoltaic power plants in its top 40 properties. By 2025, the Group will already have 14 installations in line with this objective.

To date, the Group already has seven power plants installed in Spain (La Gavia, Plenilunio, Principe Pio), Italy (Gran Reno, Nave de Vero, Romagna), and Belgium (Louvain).

## OUTLOOK

Based on the solid first-half performance, Klépierre is revising its full-year guidance upward and now expects net current cash flow of at least €2.40 per share in 2023, representing growth of 7% compared to €2.24[(5)] in 2022.

Assuming no major deterioration in the geopolitical and macroeconomic environment having a significant impact on household consumption, the main assumptions underpinning the guidance are:

- Retailer sales at least equal to 2022;
- Stable occupancy; and
- Stable collection rate.

The guidance also factors in the impact on costs of projected inflation in Europe for the last six months of 2023 and the current funding cost levels but does not include the impact of any further disposals.

(1) The Supervisory Board met on July 31, 2023, to examine the interim financial statements, as approved by the Executive Board on July 31, 2023. Limited review procedures on the interim condensed consolidated financial statements have been completed. The auditors are in the process of issuing their report.

(2) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables.

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

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

(5) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables (€0.30) and the cash flow generated by disposed assets (€0.08), net current cash flow per share reached €2.24 in 2022.

(6) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables (€38.6m) and the net rental income generated by disposed assets (€21.0m).

(7) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables (€36.0m) and the net rental income generated by disposed assets (€17.7m).

(8) Only shopping centers, excluding Turkey. As of June 30, 2023 the value of the overall portfolio, including transfer taxes, amounts to €19,420 million on a total share basis.

(9) EPRA Net Initial Yield is calculated as annualized rental income based on passing cash rents, less non-recoverable property operating expenses, divided by the market value of the property (including transfer taxes).

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

(11) The liquidity position represents the total financial resources available to a company. This indicator is therefore equal to the sum of cash at hand at the end of the period (€300 million), committed and unused revolving credit facilities (€1.9 billion, net of commercial paper) and other credit facilities (€300 million).

## TOTAL REVENUES

| In millions of euros | Total share | | |
|---|---|---|---|
| | H1 2022 | H1 2022[(a)] | H1 2023[(b)] |
| France | 237.7 | 213.4 | 213.2 |
| Italy | 107.2 | 102.1 | 116.9 |
| Scandinavia | 75.9 | 67.1 | 66.4 |
| Iberia | 63.0 | 63.0 | 69.9 |
| Netherlands & Germany | 53.8 | 49.6 | 55.4 |
| Central Europe | 32.2 | 32.2 | 36.6 |
| Other countries | 7.5 | 7.2 | 8.1 |
| **TOTAL GROSS RENTAL INCOME** | **577.3** | **534.7** | **566.5** |
| Service charge income | 132.4 | 132.4 | 133.5 |
| Management and development fees | 36.5 | 36.5 | 34.4 |
| **TOTAL REVENUES** | **746.2** | **703.6** | **734.4** |

(a) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables (€19.7m) and the gross rental income generated by disposed assets (€22.9m).

(b) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables.

## NET CURRENT CASH FLOW

| | H1 2022 | H1 2022[a] | H1 2023[b] | Change |
|---|---|---|---|---|
| *Total share, in €m* | | | | |
| Gross rental income | 577.3 | 534.7 | 566.5 | |
| Rental and building expenses | (76.0) | (93.0) | (82.4) | |
| **Net rental income** | **501.3** | **441.7** | **484.1** | **+7.3%** (like-for-like) |
| Management and other income | 42.0 | 42.0 | 36.3 | |
| Payroll and general and administrative expenses | (76.7) | (76.7) | (68.5) | |
| **EBITDA** | **466.6** | **407.0** | **451.9** | |
| Share in earnings of equity-accounted companies | 28.5 | 26.0 | 27.5 | |
| Cost of net debt | (51.7) | (51.7) | (59.4) | |
| Current tax expense | (17.6) | (17.6) | (23.7) | |
| Adjustments to calculate net current cash flow | 1.9 | 1.9 | (2.3) | |
| **Net current cash flow** | **427.7** | **365.6** | **394.1** | |
| *Group share, in €m* | | | | |
| NET CURRENT CASH FLOW | 376.5 | 322.8 | 348.3 | |
| Average number of shares | *286,037,065* | *286,037,065* | *286,363,431* | |
| *Per share, in €* | | | | |
| NET CURRENT CASH FLOW | 1.32 | 1.13 | 1.21 | +7.4% |

(a) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables (€41.1m in Total share or €36.0m in Group share) and the net rental income generated by disposed assets (€21.0m in Total share or €17.7m in Group share).
(b) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables.
(c) Excluding treasury shares.

## 2023 FIRST-HALF EARNINGS WEBCAST — PRESENTATION AND CONFERENCE CALL

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|---|
| Klépierre's Executive Board will present the Company's first-half 2023 earnings on **Tuesday, August 1, 2023 at 6:00 p.m. CET (5:00 p.m. London time).** Please visit Klépierre's website **www.klepierre.com** to listen to the webcast, or click here. |
| A replay will also be available after the event. |

## AGENDA

**October 20, 2023** Trading update for the first nine months of 2023 (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 €19.4 billion at June 30, 2023, 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 CAC SBT 1.5, 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**

This press release and its appendices together with the earnings presentation slideshow are available in the "Publications section" of Klépierre's Finance page:
**www.klepierre.com/en/finance/publications**